

**BEFORE THE
TENNESSEE REGULATORY AUTHORITY
AT NASHVILLE, TENNESSEE**

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IN RE:

**PETITION OF TENNESSEE-AMERICAN WATER COMPANY FOR
APPROVAL OF CHANGE IN RATES AND CHARGES**

DOCKET NO. 04-00288


**EXHIBITS
OF
STEVE N. BROWN**

December 23, 2004

**RWE CEO PRESENTED THIS CHART TO
SHAREHOLDERS SHOWING THE REQUIRED
ROR FOR WATER SUPPLY OPERATIONS**

Docket No 04-00288
Exhibit CAPD-SB____
Direct Testimony____
Schedule 1____
Page 1 of 5____

SOURCE. RWE CEO's SPEECH APRIL 2004

Value Management			RWE 	
	ROCE in %	Capital costs in %		
RWE Power	16.5	10.5		
RWE Energy	16.5	10.0		
RWE Innogy	9.4	10.0		
RWE Trading	-	-		
Includes Tennessee-American Water → RWE Thames Water	6.5	8.0	→	The Same Return In Mr Miller's Testimony
RWE Umwelt	5.2	10.0		
Core businesses	11.3	9.3		
Heidelberg	-1.0	14.0		
RWE group	10.4	9.0		

RWE's value management: Goal-oriented control of all the Group's divisions

Key figures for value management in fiscal 2003	Operating result	Operating assets	ROCE	Capital costs	Relative value added	Absolute value added in 2003	Absolute value added in 2002
	€ million	€ million	%	%	%	€ million	€ million
RWE Power	1,682	10,176	16.5	10.5	6.0	614	450
RWE Energy	2,046	12,409	16.5	10.0	6.5	805	461
RWE Innogy	714	7,559	9.4	10.0	0.6	42	90
RWE Trading	59	8	—	—	—	60	88
RWE Thames Water	1,374	21,076	6.5	8.0	1.5	312	13
RWE Umwelt	76	475	5.2	10.0	4.8	71	—
Total core business	5,951	52,687	11.3	9.3	2.0	1,053	695
Heidelberger Druckmaschinen	31	3,244	1.0	14.0	15.0	486	25
HOCHTIEF/other/Group Center/consolidation	282	1,970	—	—	—	214	16
RWE Group	5,638	53,961	10.4	9.0	1.4	781	395

RWE Trading is monitored using the RORAC concept (return on risk-adjusted capital).

Includes €87 million in interest from sales financing at Heidelberger Druckmaschinen (previous year: €99 million).

Includes €59 million in value added by RWE Dea's downstream activities, which were divested as of July 1, 2002.

Increasing shareholder value lies at the heart of our strategy. Additional value is created when the return on capital employed (ROCE) exceeds capital costs. ROCE reflects the pure operating return of a company or business area. It is the product of dividing the operating result by operating assets.

We calculate our cost of capital as a weighted average cost of equity and external capital. Equity capital costs cover the market's company-specific expectation of returns when investing in a RWE share over and above that of a risk-free investment. External capital costs are linked to long-term financing conditions in the RWE Group and allow interest on external capital to be classified as tax deductible (tax shield).

We calculate the Group's cost of outside capital by applying a pre-tax cost rate of 6.0%. The cost of equity capital is derived on the basis of an interest rate of 5.5%, which is customary for a risk-free investment, plus risk charges specific to the division or the Group. We do not derive the relationship between equity and external capital from the amounts carried on the balance sheet but assume a ratio of 30:70 instead. In 2003, the RWE Group's cost of capital was thus 9.0% before taxes, as compared to 9.5% in 2002. Relative value added is the difference between ROCE and capital cost. Multiplying this figure by the operating assets results in the absolute value added, which we employ as a central management benchmark. The higher the value added, the more attractive a particular activity is for our portfolio. It is the most important criterion for evaluating capital expenditure.

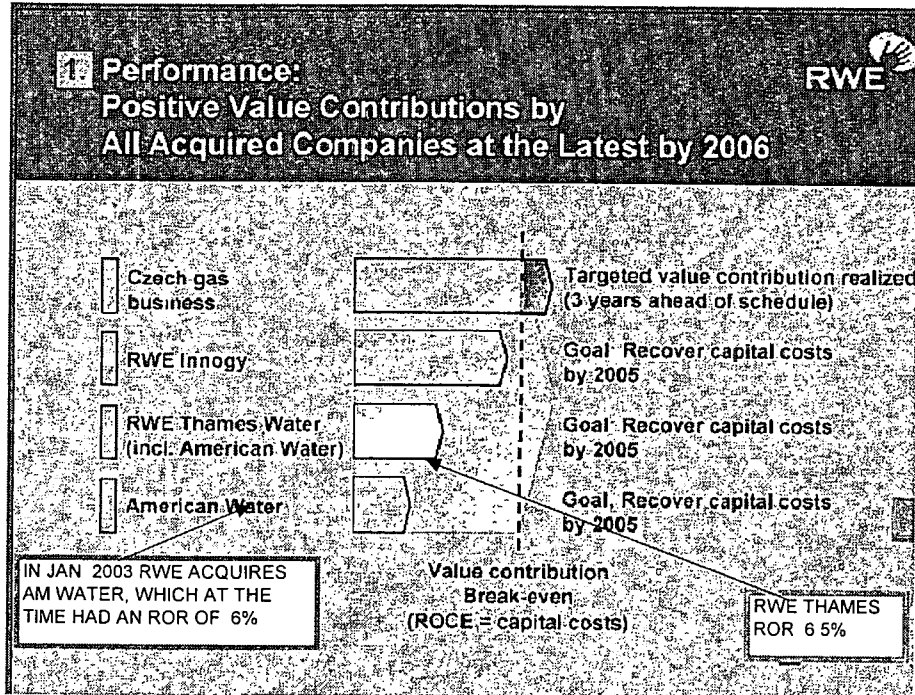
Value added is also our yardstick for determining bonus payments for RWE Group executives. Beginning in 2004, we will also take free cash flow into account in determining the variable component of compensation.

**AWR IS RWE'S LEAST PROFITABLE GROUP:
BUT RWE HAS UNSOUND POLICY -
RAISING DIVIDENDS AS EARNINGS FALL**

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SOURCE SPEECH BY RWE CEO APRIL 2004

MEANWHILE AMERICAN WATER AND ALL OF ITS SUBSIDIARIES' VALUE ADDED LAG WELL BEHIND THE REST OF RWE



MEANWHILE RWE'S EARNINGS PER SHARE DECLINE BUT DIVIDENDS GO UP

(21) Earnings per share

Basic earnings per share are calculated by dividing the net profit attributable to the shares by the average number of shares. The figure may become diluted by so-called potential shares (above all share options and convertible bonds). Options issued as part of RWE's stock option plans do not dilute profit as of December 31, 2003, because exercise conditions were not met at the balance sheet date. Basic earnings per share and diluted earnings per share are thus equivalent. The same earnings per share are attributable to common and preferred shares.

For an improved assessment of the earnings situation, we have provided an earnings per share figure before goodwill amortization. €1.76 in goodwill amortization per share (previous year: €1.38 per share) are added to earnings per share.

	2003	2002
Earnings	553	495
Number of shares outstanding	562,322	502,150
Earnings per share	1.69	1.27
Earnings per share before goodwill amortization	3.45	3.22
Dividend and bonus per share for RWE AG's 2003 fiscal year	1.1	1.1
Proposed dividend per share for RWE AG's 2003 fiscal year	1.25	1.1

EARNINGS DOWN FROM 1.87 TO 1.69 (-9.6%) BUT DIVS UP FROM 1.1 TO 1.25 (+14%)

**RWE WILL RAISE DIVIDENDS 15% ANNUALLY FOR 3 YEARS:
RWE'S POLICY CREATES HUGE NEED FOR CASH INFLOW**

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SOURCE: RWE ANNUAL LETTER TO SHAREHOLDERS FEB. 2004

**DESPITE AMERICAN WATER'S SO-CALLED PERFORMANCE, ITS
RATEPAYERS ARE BEING CALLED ON TO SUPPORT EXTREME
GROWTH IN DIVIDENDS**

How has RWE's recent performance benefited you as shareholders? We have kept our promise to keep paying one of the best dividends among companies listed in the DAX. We will propose to the April 15, 2004 Annual General Meeting that the dividend for fiscal 2003 be increased by 14 %. Furthermore, we intend to grow the dividend every year by an average of 15 % for fiscal 2004 to 2006. This is an attractive dividend performance in our sector of industry. In addition, our share price also delivered a more satisfying performance. RWE common shares closed the year 27 % up on the previous year's closing price and ranked among Europe's strongest utility shares in the second half of the year.

**MEANWHILE, CONSUMER ADVOCATE WITNESS
TERRY BUCKNER DISPUTES \$1 MILLION OF
EXPENSES CLAIMED BY TENNESSEE-AMERICAN
IN THIS RATE CASE**

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IN THIS RATE CASE**

**RWE PAID A SUBSTANTIAL PREMIUM FOR
AMERICAN WATER WORKS**

Source American Water Works SEC Form DEFM14A Filed 2001-12-05

AMERICAN WATER WORKS COMPANY, INC.

1025 Laurel Oak Road
Voorhees, New Jersey 08043

Dear Fellow Stockholder

As you may know, on September 16, 2001, we entered into a merger agreement with RWE Aktiengesellschaft and Thames Water Aqua Holdings GmbH, which is RWE's holding company for its global water business, to merge with a subsidiary of RWE and become a wholly owned indirect subsidiary of RWE. A special meeting of stockholders of American Water Works will be held on Thursday, January 17, 2002 at 9 30 a.m. local time, to consider a proposal to adopt the merger agreement so that the merger can occur. The meeting will be held at the Pennsylvania Convention Center, West Concourse, 12th and Arch Streets, Philadelphia, Pennsylvania. Notice of the special meeting is enclosed.

Upon completion of the merger, you will be entitled to receive \$46.00 in cash for each share of common stock that you own. This price represents a **37.2% premium** over the average closing price per share over the 30 trading days prior to September 10, 2001, and a **29.5% premium** over the highest closing share price our stock ever obtained prior to the public announcement of the merger agreement. The receipt of cash in exchange for your shares of common stock in the merger will constitute a taxable transaction for U.S. federal income tax purposes.

This proxy statement gives you detailed information about the special meeting and the merger and includes the merger agreement as Annex A. We encourage you to read the proxy statement and the merger agreement carefully.

Our board of directors has, by a unanimous vote, approved the merger agreement and determined that the merger agreement and the merger are fair to and in the best interests of American Water Works and our stockholders. In connection with its evaluation of the merger, the board of directors considered a number of factors, including the written opinion of Goldman, Sachs & Co., delivered on September 16, 2001 to the board of directors to the effect that, based upon and subject to the matters set forth in that opinion, as of September 16, 2001, the \$46.00 in cash per share to be

Source: American Water Works SEC Form PRE14A Filed 2001-11-09

Upon completion of the merger, J. James Barr, our President and Chief Executive Officer and a member of our board of directors, will become President and Chief Executive Officer of RWE's combined water operations in North and South America and be elected a director of Thames Water Plc. In addition, upon completion of the merger, Marilyn Ware, chairman of our board of directors, will be elected a member of the Thames International Advisory Council.

AMERICAN WATER WORK'S SEC FILES
SUGGEST RWE WOULD NOT RAISE RATES

TO RECOVER THE PREMIUM
Source: American Water Works SEC Form 8K Filed 2002-05-08

Our long experience with and deep respect for the economic regulatory process continues to guide us. We knew, early on, that four significant questions - and our responses - would be the central focus of the regulatory review and approval process. Those four questions are:

1. How will this transaction impact rates?
2. Will our support of the communities we serve change?
3. Will our historic commitment to water quality and service change?
4. How will the associates of American Water be affected by the acquisition?

All logical and important questions to be addressed. And in each petition and the related testimony, RWE/Thames and American Water address each of these questions. For example . . .

In response to the first question, RWE has clearly stated -- strongly and consistently -- that it will not seek to recover the purchase price premium in rates.

In fact, there is every prospect that the ultimate price to the consumer will be lower over the long term because of RWE's access to the capital market. That is a critical resource in this capital-intensive business.

Source: American Water Works SEC Form PRE14A Filed 2001-10-02

o Barr said there were three key factors that had to be answered before he would seriously consider discussing a sale: 1) The full value of the company; 2) A continued commitment to customers and communities served; 3) A commitment to the people of American Water. o Barr believes there will be four key factors that will be discussed intensely during the regulatory process: 1) Foreign ownership; 2) **Premium** recovery; 3) Communities involvement-customer service; 4) People - what happens to them? "I believe we can answer those concerns relatively easy," said Barr. "I can assure you there will not be a rate increase associated with this acquisition."

DR. VANDER WEIDE
EQUATES THE WATER BUSINESS WITH THE GAS BUSINESS

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Location In Dr.
Vander Weide's
Direct
Testimony

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In contrast, as
discussed above, the water companies, are generally followed by only
one or two analysts, and there are relatively few companies with
consistent data extending back for a reasonably long study period.

Page 23

Q 44 Are water companies widely followed by analysts in the investment
community?
A 44 No As a result of their small size and low investor turnover, the water
companies are generally followed by very few analysts The number of

Page 25

Q 48 What companies were eliminated from your water company proxy
group by your selection criteria?
A 48 Connecticut Water Services, Middlesex, and SJW Corp. were eliminated
from my proxy group because they have no analysts' forecasts of long-
term growth No water companies were eliminated because of other
selection criteria.

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Q 55 Do you have any empirical evidence that the LDCs in your proxy
group are a reasonable proxy for TAWC?
A 55 Yes The average Value Line Safety Rank for my proxy group of LDCs is
slightly less than 2, on a scale where 1 is the most safe and 5 is the least
safe, whereas the water companies have an average Value Line Safety
Rank of approximately 3

**THEREFORE, DR. VANDER WEIDE INCLUDES ONLY 5
WATER COMPANIES IN HIS ANALYSIS**

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**TENNESSEE-AMERICAN WATER COMPANY
SCHEDULE A
SUMMARY OF DISCOUNTED CASH FLOW ANALYSIS
FOR PROXY WATER COMPANY COMPANIES**

Line No	Company	Dividend	Price	Value Line Forecasted EPS Growth	Value Line Forecasted EPS Growth	Ave V/B/E/S & Value Line	Cost of Equity
1	American States Water	0.221	23.752	9.5%	3.0%	6.3%	10.6%
2	Aqua America	0.120	20.653	9.5%	9.0%	9.3%	12.0%
3	California Water	0.283	28.437	11.0%	4.0%	7.5%	12.2%
4	Southwest Water	0.048	13.545		8.0%	8.0%	9.6%
5	York Water Company	0.145	20.058		7.0%	7.0%	10.2%
6	Average						10.9%

DR. VANDER WEIDE ALSO EQUATES KENTUCKY WITH TENNESSEE

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DR. VANDER WEIDE'S TESTIMONY PAGE 10

13 Water utilities such as TAWC also face the risk of having to
14 make major capital expenditures to replace aging facilities and
15 expand facilities to meet the water needs of a growing population
16 In Tennessee, the uncertain investment costs associated with
17 building the facilities to assure reliable supplies of water is
18 especially acute. TAWC has already spent considerable sums to
19 explore the possibility of building a water pipeline to Louisville.
20 Whatever alternative is selected to solve the water shortage
21 problem in the Lexington area is likely to require a major investment
22 by TAWC. This investment will strain the Company's financial
23 resources

Cities in Kentucky

**DESPITE DR. VANDER WEIDE'S OPINION,
AMPLE INFORMATION ON WATER COMPANIES IS HELD
BY THE SEC**

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U.S. Securities and Exchange Commission							
Companies for SIC 4941 - Water Supply							
Click on CIK to view company filings.							
Internet Source	http://www.sec.gov/cgi-bin/browse-edgar						
Items 1 - 39							
	Company	State of Incorporation	Stock Currently Traded In U S Exchanges?	Any SEC Files Used By CAPD?	Number of Files Available OnLine From the SEC	Files Date Back To	Primary Business
	YORK WATER CO	PA	YES	YES	109	1994/02/10	Water Supply
	AQUA AMERICA INC	PA	YES	YES	174	1994/03/08	Water Supply
	CONNECTICUT WATER SERVICE INC / CT	CT	YES	YES	102	1994/03/15	Water Supply
	MIDDLESEX WATER CO	NJ	YES	YES	107	1995/02/06	Water Supply
	SOUTHWEST WATER CO	CA	YES	YES	124	1995/02/14	Water Supply
	BIRMINGHAM UTILITIES INC	CT	YES	YES	65	1995/05/11	Water Supply
	ARTESIAN RESOURCES CORP	DE	YES	YES	96	1996/05/03	Water Supply
	PENNICHUCK CORP	NH	YES	YES	113	1996/05/10	Water Supply
	CONSOLIDATED WATER CO LTD	E9	YES	YES	72	1997/02/13	Water Supply
	CALIFORNIA WATER SERVICE GROUP	CA	YES	YES	71	1997/03/06	Water Supply
	SJW CORP	CA	YES	YES	83	1994/03/01	Water Supply
	AMERICAN STATES WATER CO	CA	YES	YES	85	1998/03/10	Water Supply
	CALIFORNIA WATER SERVICE CO	CA	A Subsidiary				
	BIW LTD	CT	A Subsidiary				
	VIVENDI UNIVERSAL	IO	YES	NO	Telecom & Entertainment Conglomerate		
	CONSUMERS WATER CO	ME	NO	NO			
	ELIZABETHTOWN WATER CO /NJ/	NJ	NO	NO			
	AQUARION CO	CT	NO	NO			
	HOLIDAY GULF HOMES INC --	FL	NO	NO			
	SOUTHERN CALIFORNIA WATER CO	CA	NO	NO			
	AMERICAN WATER WORKS CO INC	NJ	NO	NO			
	UNITED WATER RESOURCES INC	NJ	NO	NO			
	ETOWN CORP	NJ					
			NO	NO			
	IWC RESOURCES CORP	IN	NO	NO			
	DOMINGUEZ SERVICES CORP	CA	NO	NO			
	SWARTWOUT ROBERT L	NM	NO	NO			
	QUINN MICHAEL O	CA	NO	NO			
	TEKULVE THOMAS C	CA	NO	NO			
	AZURIX CORP	TX					
			NO	NO			
	CAPACITIVE DEIONIZATION TECHNOLOGY SYSTEMS INC	TX					
			NO	NO			
	GALLARDA MAURICE W	CA					
			NO	NO			
	AMERICAN WATER CAPITAL CORP	NJ	NO	NO			
	AQUA DYNE INC	CA	NO	NO			
	BULLION RIVER GOLD CORP		NO	NO			
	COMPANHIA DE SANEAMENTO DO PARANA SANEPAR	A1					
			NO	NO			
	COMPANHIA DE SANEAMENTO BASICO DO ESTADO DE SAO PAULO-SABESP	D5					
			NO	NO			
	GEMMILL ELIZABETH H	NJ	NO	NO			
	KELLEHER DANIEL L	NJ	NO	NO			
	FARNHAM SHELLEY A	CA					
			NO	NO			

**COMPANIES USED BY DR. VANDER WEIDE,
AND BY DR. BROWN
[COMPANY NAME AND STOCK SYMBOL (TICKER)]**

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Water Companies in Dr. Brown's Direct Testimony For CAPD	*Standard Industrial Code	Gas Companies in Dr. Vander Weide's Direct Testimony For Tennessee- American	*Standard Industrial Code
Artesian Resources (NASDAQ ARTNA)	4941 - Water Supply	AGL Resources (NYSE ATG)	4924 - Natural Gas Distribution
AMERICAN STATES WATER CO (NYSE AWR)	4941 - Water Supply	Atmos Energy Co (NYSE ATO)	4924 - Natural Gas Distribution
Birmingham Utilities (AMEX BIW)	4941 - Water Supply	Nicor Inc (NYSE GAS)	4924 - Natural Gas Distribution
Connecticut Water Service Inc (NASDAQ CTWS)	4941 - Water Supply	KEYSPAN CORP (NYSE KSE)	4924 - Natural Gas Distribution
Consolidated Water Co Ltd (NASDAQ CWCO)	4941 - Water Supply	Northwest Natural (NYSE NWN)	4924 - Natural Gas Distribution
California Water Svc (NYSE CWT)	4941 - Water Supply	Piedmont Nat Gas (NYSE PNY)	4924 - Natural Gas Distribution
Middlesex Water Company (NASDAQ MSEX)	4941 - Water Supply	Peoples Energy (NYSE PGL)	4924 - Natural Gas Distribution
Pennichuck Corporation (NASDAQ PNNW)	4941 - Water Supply	WGL Holdings Inc (NYSE WGL)	4924 - Natural Gas Distribution
S J W Co (AMEX SJW)	4941 - Water Supply		
Southwest Water Company (NASDAQ SWWC)	4941 - Water Supply	**EQUITABLE GAS (NYSE EQT)	4923 - Natural Gas Transmission & Distribution
Aqua America (NYSE WTR) - formerly Phila Suburban (NYSE PSC)	4941 - Water Supply		
York Water Company (NASDAQ YORW)	4941 - Water Supply		

***The Standard Industrial Code (SIC) is the classification system used by the U.S. government for over 40 years to categorize industries.**

**DESPITE DR. VANDER WEIDE'S OPINION,
THERE IS AMPLE DATA ON WATER COMPS. STOCK PRICES AND VOLUMES TRADED**

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Stock Symbol For All Companies Stock Data Is Available On Yahoo com From May 1996 Except YORW

1	A	B	C	D	E	F
Date	Open	High	Low	Close	Volume	
168 2004/03/31	27 95	28 23	27 95	28 23	1200	
169 2004/03/30	27 74	27 74	27 55	27 66	2400	
170 2004/03/29	27 74	27 74	27 51	27 51	800	
2050 1996/05/30	12 65	13 07	12 65	13 07	2000	
2051 1996/05/29	13 07	13 07	12 65	12 65	4400	
2052 1996/05/28	12 65	12 66	12 65	12 66	15300	
2053 1996/05/24	12 65	13 49	12 65	12 65	75700	
2054	<!-- chart6 finance scd yahoo com uncompressed Sat Nov 27					

ARTNA Stock Symbol

1	A	B	C	D	E	F
Date	Open	High	Low	Close	Volume	
167 2004/03/31	24 65	24 73	24 4	24 4	42700	
168 2004/03/30	24 55	24 8	24 4	24 8	74300	
169 2004/03/29	24 17	24 7	24 17	24 7	41100	
2139 1996/05/30	20 62	21	20 5	21	8600	
2140 1996/05/29	20 75	20 87	20 5	20 75	3800	
2141 1996/05/28	20 75	20 87	20 5	20 62	6600	
2142 1996/05/24	20 75	20 87	20 62	20 62	2600	
2143	<!-- chart3 finance dcn yahoo com uncompressed Sat Nov 27					

AWR

1	A	B	C	D	E	F
Date	Open	High	Low	Close	Volume	
168 2004/03/31	19 55	19 6	19 55	19 6	1000	
169 2004/03/30	19 35	19 35	19 35	19 35	200	
170 2004/03/29	19 15	19 15	19 15	19 15	0	
2140 1996/05/30	10	10	10	10	0	
2141 1996/05/29	10	10	10	10	0	
2142 1996/05/28	10	10	10	10	0	
2143 1996/05/24	10	10	10	10	0	
2144	<!-- chart5 finance scd yahoo com uncompressed Sat Nov 27					

BIW

1	A	B	C	D	E	F
Date	Open	High	Low	Close	Volume	
168 2004/03/31	27 95	28 41	27 95	28 41	6000	
169 2004/03/30	28 5	28 5	27 92	28	3700	
170 2004/03/29	28 55	28 88	27 99	28 19	6800	
2140 1996/05/30	26	26 5	26	26 25	4400	
2141 1996/05/29	26	26 5	26	26 25	3400	
2142 1996/05/28	26 5	26 5	26	26	13700	
2143 1996/05/24	26	26 12	26	26	1400	
2144	<!-- chart3 finance dcn yahoo com uncompressed Sat Nov 27					

CTWS

1	A	B	C	D	E	F
Date	Open	High	Low	Close	Volume	
168 2004/03/31	18 15	18 85	18 15	18 85	7400	
169 2004/03/30	18 5	18 55	18 03	18 15	8800	
170 2004/03/29	19	19 25	18 49	18 77	10500	
2140 1996/05/30	8 25	8 5	8	8	18900	
2141 1996/05/29	8 75	8 75	8 25	8 25	22300	
2142 1996/05/28	8 25	8 88	8 25	8 25	51600	
2143 1996/05/24	8 5	9 13	8 25	9 13	20600	
2144	<!-- chart10 finance dcn yahoo com uncompressed Sat Nov 27					

CWCO

1	A	B	C	D	E	F
Date	Open	High	Low	Close	Volume	
168 2004/03/31	27 91	28 4	27 6	28 29	36600	
169 2004/03/30	27 45	28 11	27 3	28 01	36700	
170 2004/03/29	27 56	27 92	27 31	27 45	32300	
2140 1996/05/30	34 25	34 38	34 25	34 25	10300	
2141 1996/05/29	34 25	34 5	34 25	34 38	4500	
2142 1996/05/28	35 25	35 31	34 25	34 25	11700	
2143 1996/05/24	35 38	35 63	35 25	35 38	13300	
2144	<!-- chart8 finance dcn yahoo com uncompressed Sat Nov 27					

CWT

1	A	B	C	D	E	F
Date	Open	High	Low	Close	Volume	
168 2004/03/31	20 26	20 7	20 25	20 7	8200	
169 2004/03/30	19 96	20 27	19 96	20 22	4800	
170 2004/03/29	19 94	20 2	19 82	20 2	10000	
2140 1996/05/30	16 25	16 62	16 25	16 62	3100	
2141 1996/05/29	17	17	16 62	17	4700	
2142 1996/05/28	16 25	17	16 25	16 62	2500	
2143 1996/05/24	17	17	17	17	200	
2144	<!-- chart5 finance dcn yahoo com uncompressed Sat Nov 27					

MSEX

1	A	B	C	D	E	F
Date	Open	High	Low	Close	Volume	
168 2004/03/31	13 69	13 78	13 6	13 67	57600	
169 2004/03/30	13 77	13 82	13 53	13 63	30800	
170 2004/03/29	13 6	13 93	13 5	13 76	168700	
2129 1996/05/30	9 75	10 03	9 75	9 75	1800	
2130 1996/05/29	10 32	10 32	9 86	9 86	1200	
2131 1996/05/28	9 75	10 32	9 75	10 32	600	
2132 1996/05/24	9 75	9 98	9 75	9 98	700	
2133	<!-- chart4 finance dcn yahoo com uncompressed Sat Nov 27					

SWWC

1	A	B	C	D	E	F
Date	Open	High	Low	Close	Volume	
168 2004/03/31	28 75	28 75	27 89	28 7	2400	
169 2004/03/30	27 97	27 97	27 95	27 95	800	
170 2004/03/29	27 95	28	27 89	27 99	4600	
2140 1996/05/30	18 25	18 25	18 25	18 25	0	
2141 1996/05/29	18 25	18 25	18 25	18 25	0	
2142 1996/05/28	18 25	18 25	18 25	18 25	0	
2143 1996/05/24	18 25	18 25	18 25	18 25	0	
2144	<!-- chart4 finance dcn yahoo com uncompressed Sat Nov 27					

PNNW

1	A	B	C	D	E	F
Date	Open	High	Low	Close	Volume	
168 2004/03/31	21 25	21 72	21 04	21 68	242500	
169 2004/03/30	20 7	21 25	20 6	21 25	207600	
170 2004/03/29	20 61	20 8	20 5	20 8	180700	
2134 1996/05/30	21 6	21 6	21 06	21 39	9000	
2135 1996/05/29	21 28	21 6	21 06	21 5	5300	
2136 1996/05/28	21 06	21 17	21 06	21 17	6700	
2137 1996/05/24	21 06	21 17	20 95	20 95	2600	
2138	<!-- chart8 finance dcn yahoo com uncompressed Sat Nov 27					

WTR

1	A	B	C	D	E	F
Date	Open	High	Low	Close	Volume	
168 2004/03/31	34 6	34 76	34 5	34 66	8500	
169 2004/03/30	35 35	35 5	34 7	34 7	7300	
170 2004/03/29	35 85	35 85	35 15	35 35	10300	
2140 1996/05/30	37 38	37 38	37 13	37 13	1600	
2141 1996/05/29	36 88	37 13	36 88	37 13	500	
2142 1996/05/28	37	37 13	37	37 13	3400	
2143 1996/05/24	37	37 13	36 88	37 13	500	
2144	<!-- chart8 finance dcn yahoo com uncompressed Sat Nov 27					

SIW

1	A	B	C	D	E	F
Date	Open	High	Low	Close	Volume	
168 2004/03/31	20 74	20 74	20 36	20 36	2400	
169 2004/03/30	20 79	20 79	20 31	20 74	2600	
170 2004/03/29	20 56	20 78	20 36	20 41	6700	
1400 1999/05/06	18 12	18 12	17	17	3400	
1401 1999/05/05	17 75	17 75	17 75	17 75	900	
1402 1999/05/04	17 75	17 75	17 75	17 75	6600	
1403 1999/05/03	17 87	18 25	17 87	18 25	2300	

YORW

**DR. VANDER WEIDE ARBITRARILY DEFINES A GAS LDC:
EQUITABLE GAS IS NOT AN LDC
IN HIS RECENT FERC TESTIMONY**

Docket No. 04-00288
Exhibit CAPD-SB
Direct Testimony
Schedule 6
Page 1 of 1

**UNITED STATES OF AMERICA
BEFORE THE
FEDERAL ENERGY REGULATORY COMMISSION**

Northern Natural Gas Company

Docket No. RP03-398-000

**REBUTTAL TESTIMONY SUMMARY
OF
JAMES H. VANDER WEIDE**

From Page 4 of Dr. Vander Weide's Rebuttal Testimony

**Table 1
Gas Diversified Companies' 3-Year Average Business Segment Income**

	<u>% Gas Pipeline</u>	<u>% Electric</u>	<u>% LDC</u>	<u>% Other</u>
Equitable Resources	24.8%	-	64.3%	10.9%
National Fuel Gas	32.8%	-	54.1%	13.1%
ONEOK	15.5%	-	24.9%	59.6%
Questar Corporation	23.2%	-	23.6%	53.2%

In Response To the
CAPD's Discovery Request
of Nov. 15, 2004, "Admit or
Deny," Item 7, Dr. Vander
Weide Denies That
Equitable Is A "Natural Gas
Diversified Company"

From Page 5 of Dr. Vander Weide's Rebuttal Testimony

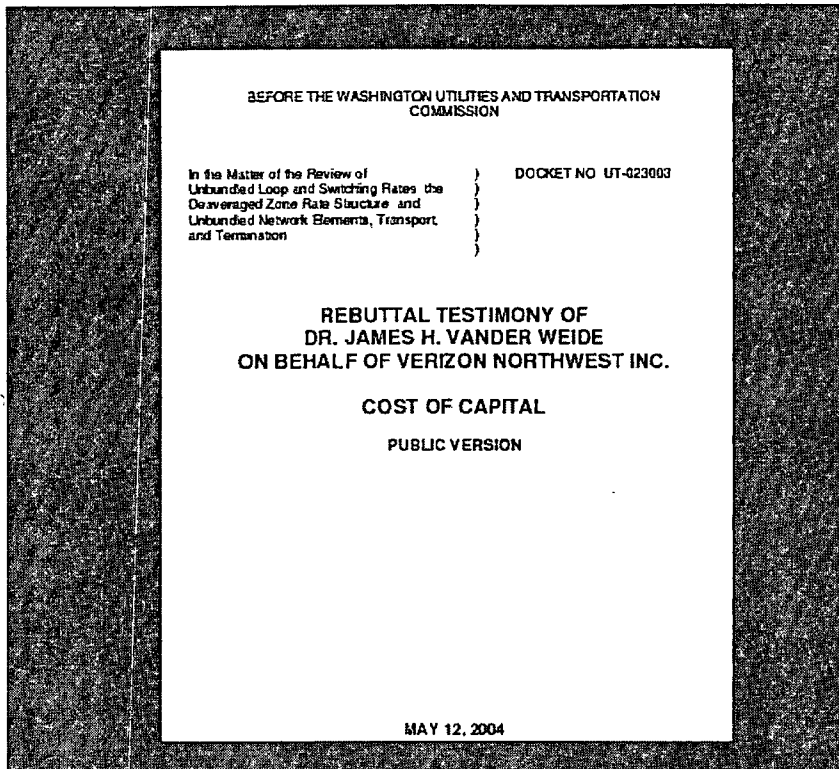
**Table 2
LDCs' 3-Year Average Business Segment Income**

	<u>% Gas Pipeline</u>	<u>% Electric</u>	<u>% LDC</u>	<u>% Other</u>
AGL Resources	-	-	91%	9%
Atmos Energy	-	-	87%	13%
New Jersey Resources	-	-	85%	15%
NICOR	-	-	86%	14%
Peoples Energy	-	7%	87%	6%
Piedmont Natural Gas	-	-	100%	-0.3%
South Jersey Industries	-	-	91%	9%

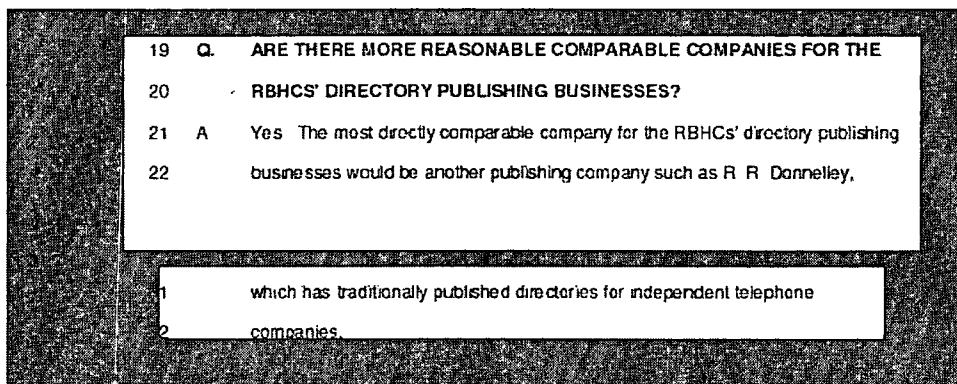
In Response To the
CAPD's Discovery Request
of Nov. 15, 2004, "Admit or
Deny," Item 6, Dr. Vander
Weide Denies That
Equitable Is Not A Natural
Gas Local Distribution
Company

**DR. VANDER WEIDE:
THE COST OF CAPITAL MUST BE LINKED TO
THE SPECIFIC INVESTMENT UNDER CONSIDERATION**

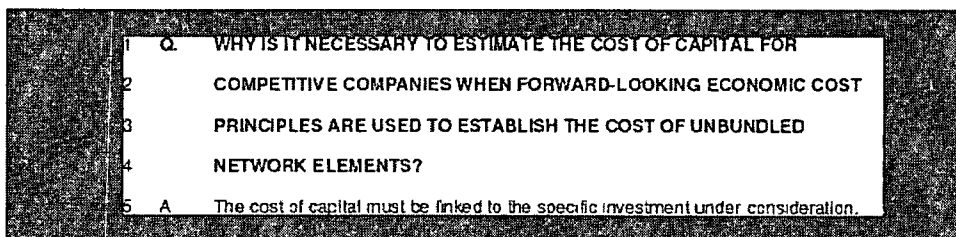
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From Pages 58-59 of Dr. Vander Weide's Rebuttal Testimony



From Page 48 of Dr. Vander Weide's Rebuttal Testimony



In Response to the CAPD's Discovery Request of Nov. 15, 2004,
"Admit Or Deny," Item 2, Dr. Vander Weide Denies That The Cost
of Capital Must Be Linked To The Specific Investment Under

In Response to the CAPD's Discovery Request of Nov. 15, 2004, "Admit or Deny," Item 3, Dr. Vander Weide Denies That A Water Company Is The Most Directly Comparable Company To Another Water Company.

**DR. VANDER WEIDE REJECTS BETA AS A MEASURE
OF RISK AND SUGGESTS MARKET-TO-BOOK RATIOS
AS AN ALTERNATIVE**

Docket No 04-00288
Exhibit CAPD-SB_____
Direct Testimony_____
Schedule 8_____
Page 1 of 1_____

From Dr. Vander Weide's Rebuttal Before the Washington PUC. Pages 23-24

27 A. Yes. Real world investors simply do not evaluate investment risk in the simplistic
28 way Dr. Selwyn suggests when he estimates Verizon NW's risk using beta.
29 Rather, real-world investors need to be compensated for competitive market
30 risks, a conclusion supported by several forms of evidence. First, financial
31 scholars have found that data such as a specific company's size, liquidity,

23

1 dividend yield, and market-to-book ratio provide better explanations of security
2 returns than betas, which only measure the risks due to changes in the market as
3 a whole. See, for example, Fischer Black, Michael C. Jensen, and Myron
4 Scholes, "The Capital Asset Pricing Model: Some Empirical Tests," in *Studies in*
5 *the Theory of Capital Markets*, M. Jensen, ed. New York: Praeger, 1972. Eugene

**BOOK VALUES 2001-2003
WATER COS AND *GAS LDCS
FROM SEC FORMS 10-K FILED BY THE COMPANIES**

Docket No 04-00288
Exhibit CAPD-SB
Direct Testimony
Schedule 9
Page 1 of 1

GAS COMPANIES IN DR. VANDER WEIDE'S DIRECT TESTIMONY

Ticker	Source	CIK	Company	Shares Outstanding Diluted (Millions)			Book Value Per Share			Common Equity (Millions)		
				2003	2002	2001	2003	2002	2001	2003	2002	2001
ATG	1004155_AGL RESOURCES _10-K_2004_02_06_01.htm	1004155	AGL Resources	63 70	56 60	55 60	\$ 14 84	\$ 12 55	\$ 12 41	\$945	\$710	\$690
ATO	731802_ATMOS ENERGY _10-K_2004_11_21_01.htm	731802	Atmos Energy	46 50	41 25	38 25	\$ 18 44	\$ 13 90	\$ 15 27	\$858	\$573	\$584
GAS	72020_ANCOR INC _10-K_2004_02_20_01.htm	72020	Ancor Inc	44 01	44 00	44 00	\$ 17 15	\$ 16 55	\$ 16 00	\$755	\$728	\$704
KSE	1062379_KEYS PAN CORP _10-K_2004_03_11_01.htm	1062379	KEYSPAN CORP	159 23	142 30	139 22	\$ 23 00	\$ 20 69	\$ 20 76	\$3,662	\$2,945	\$2,891
NWN	73020_NORTHWEST NATURAL _10-K_2004_03_09_01.htm	73020	Northwest Natural	26 06	25 81	25 61	\$ 19 43	\$ 18 71	\$ 18 28	\$506	\$483	\$468
PNY	78460_PNY NATURAL _10-K_2004_01_27_01.htm	78460	Piedmont Nat Gas	33 50	32 94	32 42	\$ 18 81	\$ 17 90	\$ 17 28	\$630	\$590	\$560
PGL	77385_PEOPLES ENERGY _10-K_2003_12_11_1.htm	77385	Peoples Energy	36 69	35 46	35 40	\$ 23 11	\$ 22 74	\$ 22 56	\$848	\$806	\$799
WGL	1103601_WGL HOLDINGS _10-K_A_2004_01_27_01.htm	1103601	WGL Holdings Inc	48 61	48 57	48 54	\$ 16 83	\$ 15 78	\$ 16 24	\$818	\$766	\$788
AV							\$ 18 95	\$ 17 35	\$ 17 35			

WATER COMPANIES IN SEC DATABASE

Ticker	Source	CIK	Company	Shares Outstanding Diluted (Thousands)			Book Value Per Share			Common Equity (Thousands)		
				2003	2002	2001	2003	2002	2001	2003	2002	2001
ARTNA	AN RESOURCES _10-K_2004_03_10_01.htm	863110	ARTESIAN RESOURCES	3,993	3,612	3,108	\$ 13 20	\$ 14 17	\$ 11 08	\$52,691	\$51,176	\$34,445
AWR	1056903_AMERICAN STATES _10-K_2004_03_23_01.htm	1056903	AMERICAN STATES	15,200	15,144	15,120	\$ 13 98	\$ 14 08	\$ 13 54	\$212,487	\$213,279	\$204,654
BIW	1169237_BIW LTD _10-K_2004_03_30_03.htm	1169237	BIW LTD	1,637	1,637	1,627	\$ 7 77	\$ 7 87	\$ 8 03	\$12,723	\$12,889	\$13,057
CTWS	276209_CONNECTICUT WATER _10-K_2004_03_12_01.htm	276209	CONNECTICUT WATER	8,002	7,771	7,662	\$ 10 41	\$ 10 29	\$ 9 24	\$83,315	\$79,975	\$70,783
CWCO	928340_CONSOLIDATED WATER _10-K_2004_04_14_01.htm	928340	CONSOLIDATED WATER	5 038	4,088	4,000	\$ 8 78	\$ 5 17	\$ 4 82	\$44,249	\$21,126	\$19,264
CWT	1035201_CALIFORNIA WATER _10-K_2004_03_15_04.htm	1035210	CALIFORNIA WATER	15,015	15,015	15,015	\$ 16 29	\$ 13 27	\$ 13 09	\$244,524	\$199,217	\$196,619
MSEX	66004_MIDDLESEX WATER _10-K_A_2004_04_30_01.htm	66004	MIDDLESEX WATER	10,818	10,623	10,474	\$ 7 36	\$ 7 20	\$ 6 90	\$79,643	\$76,501	\$72,290
PNNW	788885_PENNINOX CORP _10-K_2004_03_30_01.htm	788885	PENNINOX CORP	2,398	2,412	2,400	\$ 12 58	\$ 12 62	\$ 12 75	\$30,172	\$30,433	\$30,595
SJW	766829_SJW CORP _10-K_2004_03_12_01.htm	766829	SJW CORP	9,148	9,135	9,135	\$ 18 19	\$ 16 80	\$ 16 35	\$166,368	\$153,499	\$149,354
SWWC	92472_SOUTHWEST WATER _10-K_2004_03_15_01.htm	92472	SOUTHWEST WATER	14,661	13,668	13,217	\$ 5 40	\$ 4 49	\$ 4 18	\$79,160	\$61,324	\$55,205
WTR	78128_AQUA AMERICA _10-K_2004_03_15_09.htm	78128	AQUA AMERICA	89,244	86,538	85,943	\$ 7 38	\$ 5 70	\$ 5 50	\$659,030	\$493,097	\$472,717
YORW	108985_YORK WATER _10-K_2004_03_12_02.htm	108985	YORK WATER	6,406	6,386	6,330	\$ 6 12	\$ 5 88	\$ 5 67	\$39,057	\$37,217	\$35,891
AV							\$ 10 62	\$ 9 79	\$ 9 26			

*Dr Brown Excludes Equitable Gas In This Analysis

M TO B RATIOS PROVE THE WATER SUPPLY INDUSTRY
IS FAR LESS RISKY THAN GAS LDCS, AND ITS RISK IS DECLINING

Stock Symbol	ATG	ATO	KSE	NICOR	NWN	PCL	PNY	WGL	Average By Quarter	
Quarter Ending										
Mar-04	196%	139%	166%	205%	161%	193%	224%	179%	183%	
Dec-03	196%	132%	160%	198%	158%	182%	231%	165%	178%	
Sep-03	190%	130%	153%	205%	149%	179%	207%	164%	172%	
Jun-03	171%	134%	154%	216%	140%	186%	206%	159%	171%	
Mar-03	159%	115%	140%	159%	129%	155%	190%	157%	151%	
Dec-02	194%	168%	170%	206%	145%	170%	197%	152%	175%	
Sep-02	176%	155%	162%	170%	157%	148%	198%	152%	165%	
Jun-02	185%	169%	182%	276%	154%	160%	207%	164%	187%	
Mar-02	187%	170%	176%	275%	150%	173%	199%	170%	188%	
Dec-01	185%	139%	167%	260%	138%	168%	207%	179%	181%	
Sep-01	161%	141%	160%	242%	128%	176%	180%	166%	169%	
Jun-01	191%	160%	176%	244%	136%	178%	205%	167%	182%	
Mar-01	177%	156%	184%	233%	131%	172%	205%	170%	179%	
Average By Company	182%	147%	165%	222%	144%	172%	204%	165%		

Gas Market To Book Ratio -Average For Entire Period	175%
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Stock Symbol	ARTNA	AWR	BIW	CTWS	CWCO	CWT	MSEX	PNNW	SLW	SWWC	WTR	YORW	Average By Quarter	
Quarter Ending														
Mar-04	214%	175%	252%	273%	215%	174%	281%	228%	191%	253%	294%	333%	240%	57.2%
Dec-03	211%	179%	246%	266%	228%	168%	276%	225%	164%	222%	299%	297%	232%	53.9%
Sep-03	191%	169%	230%	258%	202%	158%	250%	211%	155%	196%	261%	278%	213%	41.2%
Jun-03	182%	195%	234%	245%	176%	173%	251%	196%	156%	195%	264%	265%	211%	40.1%
Mar-03	152%	171%	238%	255%	157%	158%	226%	176%	140%	174%	238%	276%	197%	46.1%
Dec-02	139%	164%	233%	249%	285%	178%	219%	229%	155%	222%	289%	241%	217%	48.1%
Sep-02	133%	186%	227%	249%	221%	192%	235%	223%	155%	227%	285%	286%	218%	53.6%
Jun-02	136%	188%	236%	266%	276%	190%	274%	229%	155%	302%	284%	281%	238%	50.6%
Mar-02	142%	250%	229%	266%	284%	193%	243%	198%	161%	257%	330%	282%	235%	47.1%
Dec-01	186%	258%	235%	320%	235%	197%	246%	212%	174%	242%	328%	258%	241%	60.2%
Sep-01	157%	273%	198%	299%	228%	206%	240%	189%	167%	231%	306%	215%	226%	56.4%
Jun-01	162%	251%	190%	249%	189%	196%	247%	185%	174%	237%	297%	218%	216%	34.1%
Mar-01	152%	245%	173%	233%	197%	218%	220%	165%	163%	193%	274%	214%	204%	25.7%
Average By Company	166%	208%	225%	266%	222%	185%	247%	205%	163%	227%	288%	263%	222%	

AMOUNT BY WHICH
WATER INDUSTRY
EXCEEDS GAS

Water Industry Always
Has A Higher Market-To-
Book Ratio Than The
Gas Industry

Water Market To Book Ratio -Average For Entire Period	222%
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**HISTORY OF QUARTER-ENDING PRICES
MARCH 2001 TO MARCH 2004
WATER AND GAS LDCs**

Docket No 04-00288
Exhibit CAPD-SB
Direct Testimony
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Page 1 of 5

Stock Symbol	Quarter Ending	Closing Price In Quarter	Industry	Book Value From SEC 10K Filings Available In April 2004	Ratio Market To Book
ATG	2004/03/31	\$ 29 02	Gas	\$14 84	196%
ATG	2003/12/31	\$ 29 10	Gas	\$14 84	196%
ATG	2003/09/30	\$ 28 17	Gas	\$14 84	190%
ATG	2003/06/30	\$ 25 44	Gas	\$14 84	171%
ATG	2003/03/31	\$ 23 63	Gas	\$14 84	159%
ATG	2002/12/31	\$ 24 30	Gas	\$12 55	194%
ATG	2002/09/30	\$ 22 09	Gas	\$12 55	176%
ATG	2002/06/28	\$ 23 20	Gas	\$12 55	185%
ATG	2002/03/28	\$ 23 50	Gas	\$12 55	187%
ATG	2001/12/31	\$ 23 02	Gas	\$12 41	185%
ATG	2001/09/28	\$ 19 97	Gas	\$12 41	161%
ATG	2001/06/29	\$ 23 75	Gas	\$12 41	191%
ATG	2001/03/30	\$ 21 91	Gas	\$12 41	177%
ATO	2004/03/31	\$ 25 57	Gas	\$18 44	139%
ATO	2003/12/31	\$ 24 30	Gas	\$18 44	132%
ATO	2003/09/30	\$ 23 94	Gas	\$18 44	130%
ATO	2003/06/30	\$ 24 80	Gas	\$18 44	134%
ATO	2003/03/31	\$ 21 26	Gas	\$18 44	115%
ATO	2002/12/31	\$ 23 32	Gas	\$13 90	168%
ATO	2002/09/30	\$ 21 50	Gas	\$13 90	155%
ATO	2002/06/28	\$ 23 44	Gas	\$13 90	169%
ATO	2002/03/28	\$ 23 60	Gas	\$13 90	170%
ATO	2001/12/31	\$ 21 25	Gas	\$15 27	139%
ATO	2001/09/28	\$ 21 60	Gas	\$15 27	141%
ATO	2001/06/29	\$ 24 46	Gas	\$15 27	160%
ATO	2001/03/30	\$ 23 80	Gas	\$15 27	156%
KSE	2004/03/31	\$ 38 22	Gas	\$23 00	166%
KSE	2003/12/31	\$ 36 80	Gas	\$23 00	160%
KSE	2003/09/30	\$ 35 08	Gas	\$23 00	153%
KSE	2003/06/30	\$ 35 45	Gas	\$23 00	154%
KSE	2003/03/31	\$ 32 25	Gas	\$23 00	140%
KSE	2002/12/31	\$ 35 24	Gas	\$20 69	170%
KSE	2002/09/30	\$ 33 50	Gas	\$20 69	162%
KSE	2002/06/28	\$ 37 65	Gas	\$20 69	182%
KSE	2002/03/28	\$ 36 39	Gas	\$20 69	176%
KSE	2001/12/31	\$ 34 65	Gas	\$20 76	167%
KSE	2001/09/28	\$ 33 24	Gas	\$20 76	160%
KSE	2001/06/29	\$ 36 48	Gas	\$20 76	176%
KSE	2001/03/30	\$ 38 13	Gas	\$20 76	184%
NICOR	2004/03/31	\$ 35 23	Gas	\$17 15	205%
NICOR	2003/12/31	\$ 34 04	Gas	\$17 15	198%
NICOR	2003/09/30	\$ 35 14	Gas	\$17 15	205%
NICOR	2003/06/30	\$ 37 11	Gas	\$17 15	216%
NICOR	2003/03/31	\$ 27 32	Gas	\$17 15	159%
NICOR	2002/12/31	\$ 34 03	Gas	\$16 55	206%
NICOR	2002/09/30	\$ 28 20	Gas	\$16 55	170%
NICOR	2002/06/28	\$ 45 75	Gas	\$16 55	276%
NICOR	2002/03/28	\$ 45 55	Gas	\$16 55	275%
NICOR	2001/12/31	\$ 41 64	Gas	\$16 00	260%
NICOR	2001/09/28	\$ 38 75	Gas	\$16 00	242%
NICOR	2001/06/29	\$ 38 98	Gas	\$16 00	244%
NICOR	2001/03/30	\$ 37 27	Gas	\$16 00	233%
NWN	2004/03/31	\$ 31 25	Gas	\$19 43	161%
NWN	2003/12/31	\$ 30 75	Gas	\$19 43	158%
NWN	2003/09/30	\$ 29 00	Gas	\$19 43	149%
NWN	2003/06/30	\$ 27 25	Gas	\$19 43	140%
NWN	2003/03/31	\$ 25 10	Gas	\$19 43	129%
NWN	2002/12/31	\$ 27 06	Gas	\$18 71	145%
NWN	2002/09/30	\$ 29 36	Gas	\$18 71	157%
NWN	2002/06/28	\$ 28 75	Gas	\$18 71	154%
NWN	2002/03/28	\$ 28 01	Gas	\$18 71	150%
NWN	2001/12/31	\$ 25 50	Gas	\$18 28	139%
NWN	2001/09/28	\$ 23 39	Gas	\$18 28	128%
NWN	2001/06/29	\$ 24 90	Gas	\$18 28	136%
NWN	2001/03/30	\$ 24 00	Gas	\$18 28	131%

**HISTORY OF QUARTER-ENDING PRICES
MARCH 2001 TO MARCH 2004
WATER AND GAS LDGS**

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Stock Symbol	Quarter Ending	Closing Price In Quarter	Industry	Book Value From SEC 10K Filings Available In April 2004	Ratio Market To Book
PGL	2004/03/31	\$ 44 65	Gas	\$23.11	193%
PGL	2003/12/31	\$ 42 04	Gas	\$23 11	182%
PGL	2003/09/30	\$ 41 38	Gas	\$23.11	179%
PGL	2003/06/30	\$ 42 89	Gas	\$23 11	186%
PGL	2003/03/31	\$ 35 77	Gas	\$23 11	155%
PGL	2002/12/31	\$ 38 65	Gas	\$22.74	170%
PGL	2002/09/30	\$ 33 69	Gas	\$22 74	148%
PGL	2002/06/28	\$ 36 46	Gas	\$22 74	160%
PGL	2002/03/28	\$ 39 38	Gas	\$22.74	173%
PGL	2001/12/31	\$ 37 93	Gas	\$22 56	168%
PGL	2001/09/28	\$ 39 76	Gas	\$22.56	176%
PGL	2001/06/29	\$ 40 20	Gas	\$22 56	178%
PGL	2001/03/30	\$ 38 87	Gas	\$22 56	172%
PNY	2004/03/31	\$ 42 22	Gas	\$18 81	224%
PNY	2003/12/31	\$ 43.46	Gas	\$18.81	231%
PNY	2003/09/30	\$ 39 00	Gas	\$18 81	207%
PNY	2003/06/30	\$ 38 81	Gas	\$18 81	206%
PNY	2003/03/31	\$ 35 65	Gas	\$18 81	190%
PNY	2002/12/31	\$ 35 35	Gas	\$17.90	197%
PNY	2002/09/30	\$ 35 47	Gas	\$17 90	198%
PNY	2002/06/28	\$ 36 98	Gas	\$17 90	207%
PNY	2002/03/28	\$ 35 60	Gas	\$17 90	199%
PNY	2001/12/31	\$ 35 80	Gas	\$17 29	207%
PNY	2001/09/28	\$ 31 14	Gas	\$17 29	180%
PNY	2001/06/29	\$ 35 52	Gas	\$17.29	205%
PNY	2001/03/30	\$ 35 50	Gas	\$17 29	205%
WGL	2004/03/31	\$ 30 10	Gas	\$16.83	179%
WGL	2003/12/31	\$ 27 79	Gas	\$16 83	165%
WGL	2003/09/30	\$ 27.58	Gas	\$16 83	164%
WGL	2003/06/30	\$ 26 70	Gas	\$16 83	159%
WGL	2003/03/31	\$ 26 49	Gas	\$16 83	157%
WGL	2002/12/31	\$ 23 92	Gas	\$15 78	152%
WGL	2002/09/30	\$ 23 91	Gas	\$15 78	152%
WGL	2002/06/28	\$ 25 90	Gas	\$15 78	164%
WGL	2002/03/28	\$ 26 86	Gas	\$15.78	170%
WGL	2001/12/31	\$ 29 07	Gas	\$16 24	179%
WGL	2001/09/28	\$ 26 89	Gas	\$16 24	166%
WGL	2001/06/29	\$ 27 11	Gas	\$16 24	167%
WGL	2001/03/30	\$ 27 65	Gas	\$16 24	170%

**HISTORY OF QUARTER-ENDING PRICES
MARCH 2001 TO MARCH 2004
WATER AND GAS LDCS**

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Direct Testimony
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Stock Symbol	Quarter Ending	Closing Price In Quarter	Industry	Book Value From SEC 10K Filings Available In April 2004	Ratio Market To Book
ARTNA	2004/03/31	\$ 28 23	Water	\$13 20	214%
ARTNA	2003/12/31	\$ 27 86	Water	\$13 20	211%
ARTNA	2003/09/30	\$ 25 25	Water	\$13 20	191%
ARTNA	2003/06/30	\$ 24 00	Water	\$13 20	182%
ARTNA	2003/03/31	\$ 20 07	Water	\$13 20	152%
ARTNA	2002/12/31	\$ 19 77	Water	\$14 17	139%
ARTNA	2002/09/30	\$ 18 91	Water	\$14 17	133%
ARTNA	2002/06/28	\$ 19 32	Water	\$14 17	136%
ARTNA	2002/03/28	\$ 20 13	Water	\$14 17	142%
ARTNA	2001/12/31	\$ 20 63	Water	\$11 08	186%
ARTNA	2001/09/28	\$ 17 45	Water	\$11 08	157%
ARTNA	2001/06/29	\$ 17 99	Water	\$11 08	162%
ARTNA	2001/03/30	\$ 16 83	Water	\$11 08	152%
AWR	2004/03/31	\$ 24 40	Water	\$13 98	175%
AWR	2003/12/31	\$ 25 00	Water	\$13 98	179%
AWR	2003/09/30	\$ 23 57	Water	\$13 98	169%
AWR	2003/06/30	\$ 27 30	Water	\$13 98	195%
AWR	2003/03/31	\$ 23 90	Water	\$13 98	171%
AWR	2002/12/31	\$ 23 15	Water	\$14 08	164%
AWR	2002/09/30	\$ 26 22	Water	\$14 08	186%
AWR	2002/06/28	\$ 26 50	Water	\$14 08	188%
AWR	2002/03/28	\$ 35 25	Water	\$14 08	250%
AWR	2001/12/31	\$ 34 95	Water	\$13 54	258%
AWR	2001/09/28	\$ 37 00	Water	\$13 54	273%
AWR	2001/06/29	\$ 34 00	Water	\$13 54	251%
AWR	2001/03/30	\$ 33 11	Water	\$13 54	245%
BIW	2004/03/31	\$ 19 60	Water	\$7 77	252%
BIW	2003/12/31	\$ 19 10	Water	\$7 77	246%
BIW	2003/09/30	\$ 17 85	Water	\$7 77	230%
BIW	2003/06/30	\$ 18 15	Water	\$7 77	234%
BIW	2003/03/31	\$ 18 48	Water	\$7 77	238%
BIW	2002/12/31	\$ 18 35	Water	\$7 87	233%
BIW	2002/09/30	\$ 17 90	Water	\$7 87	227%
BIW	2002/06/28	\$ 18 55	Water	\$7 87	236%
BIW	2002/03/28	\$ 18 00	Water	\$7 87	229%
BIW	2001/12/31	\$ 18 85	Water	\$8 03	235%
BIW	2001/09/28	\$ 15 90	Water	\$8 03	198%
BIW	2001/06/29	\$ 15 27	Water	\$8 03	190%
BIW	2001/03/30	\$ 13 88	Water	\$8 03	173%
CTWS	2004/03/31	\$ 28 41	Water	\$10 41	273%
CTWS	2003/12/31	\$ 27 65	Water	\$10 41	266%
CTWS	2003/09/30	\$ 26 87	Water	\$10 41	258%
CTWS	2003/06/30	\$ 25 53	Water	\$10 41	245%
CTWS	2003/03/31	\$ 26 55	Water	\$10 41	255%
CTWS	2002/12/31	\$ 25 23	Water	\$10 29	245%
CTWS	2002/09/30	\$ 25 62	Water	\$10 29	249%
CTWS	2002/06/28	\$ 30 48	Water	\$10 29	296%
CTWS	2002/03/28	\$ 27 39	Water	\$10 29	266%
CTWS	2001/12/31	\$ 29 57	Water	\$9 24	320%
CTWS	2001/09/28	\$ 27 60	Water	\$9 24	299%
CTWS	2001/06/29	\$ 23 05	Water	\$9 24	249%
CTWS	2001/03/30	\$ 22 00	Water	\$9 24	238%
CWCO	2004/03/31	\$ 18 85	Water	\$8 78	215%
CWCO	2003/12/31	\$ 20 05	Water	\$8 78	228%
CWCO	2003/09/30	\$ 17 75	Water	\$8 78	202%
CWCO	2003/06/30	\$ 15 42	Water	\$8 78	176%
CWCO	2003/03/31	\$ 13 77	Water	\$8 78	157%
CWCO	2002/12/31	\$ 14 74	Water	\$5 17	285%
CWCO	2002/09/30	\$ 11 40	Water	\$5 17	221%
CWCO	2002/06/28	\$ 14 25	Water	\$5 17	276%
CWCO	2002/03/28	\$ 14 69	Water	\$5 17	284%
CWCO	2001/12/31	\$ 11 34	Water	\$4 82	235%
CWCO	2001/09/28	\$ 11 00	Water	\$4 82	228%
CWCO	2001/06/29	\$ 9 10	Water	\$4 82	189%
CWCO	2001/03/30	\$ 9 50	Water	\$4 82	197%

**HISTORY OF QUARTER-ENDING PRICES
MARCH 2001 TO MARCH 2004
WATER AND GAS LDCS**

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Stock Symbol	Quarter Ending	Closing Price In Quarter	Industry	Book Value From SEC 10K Filings Available In April 2004	Ratio Market To Book
CWT	2004/03/31	\$ 28 29	Water	\$16 29	174%
CWT	2003/12/31	\$ 27 40	Water	\$16 29	168%
CWT	2003/09/30	\$ 25 81	Water	\$16 29	158%
CWT	2003/06/30	\$ 28 12	Water	\$16 29	173%
CWT	2003/03/31	\$ 25 75	Water	\$16 29	158%
CWT	2002/12/31	\$ 23 65	Water	\$13 27	178%
CWT	2002/09/30	\$ 25 53	Water	\$13 27	192%
CWT	2002/06/28	\$ 25 20	Water	\$13 27	190%
CWT	2002/03/28	\$ 25 60	Water	\$13 27	193%
CWT	2001/12/31	\$ 25 75	Water	\$13 09	197%
CWT	2001/09/28	\$ 27 00	Water	\$13 09	206%
CWT	2001/06/29	\$ 25 65	Water	\$13 09	196%
CWT	2001/03/30	\$ 28 60	Water	\$13 09	218%
MSEX	2004/03/31	\$ 20 70	Water	\$7 36	281%
MSEX	2003/12/31	\$ 20 30	Water	\$7 36	276%
MSEX	2003/09/30	\$ 18 43	Water	\$7 36	250%
MSEX	2003/06/30	\$ 18 50	Water	\$7 36	251%
MSEX	2003/03/31	\$ 16 62	Water	\$7 36	226%
MSEX	2002/12/31	\$ 15 77	Water	\$7 20	219%
MSEX	2002/09/30	\$ 16 92	Water	\$7 20	235%
MSEX	2002/06/28	\$ 19 75	Water	\$7 20	274%
MSEX	2002/03/28	\$ 17 50	Water	\$7 20	243%
MSEX	2001/12/31	\$ 17 00	Water	\$6 90	246%
MSEX	2001/09/28	\$ 16 54	Water	\$6 90	240%
MSEX	2001/06/29	\$ 17 05	Water	\$6 90	247%
MSEX	2001/03/30	\$ 15 16	Water	\$6 90	220%
PNNW	2004/03/31	\$ 28 70	Water	\$12 58	228%
PNNW	2003/12/31	\$ 28 30	Water	\$12 58	225%
PNNW	2003/09/30	\$ 26 50	Water	\$12 58	211%
PNNW	2003/06/30	\$ 24 70	Water	\$12 58	196%
PNNW	2003/03/31	\$ 22 08	Water	\$12 58	176%
PNNW	2002/12/31	\$ 28 94	Water	\$12 62	229%
PNNW	2002/09/30	\$ 28 10	Water	\$12 62	223%
PNNW	2002/06/28	\$ 28 90	Water	\$12 62	229%
PNNW	2002/03/28	\$ 25 00	Water	\$12 62	198%
PNNW	2001/12/31	\$ 27 00	Water	\$12 75	212%
PNNW	2001/09/28	\$ 24 06	Water	\$12 75	189%
PNNW	2001/06/29	\$ 23 53	Water	\$12 75	185%
PNNW	2001/03/30	\$ 21 05	Water	\$12 75	165%
SJW	2004/03/31	\$ 34 66	Water	\$18 19	191%
SJW	2003/12/31	\$ 29 75	Water	\$18 19	164%
SJW	2003/09/30	\$ 28 17	Water	\$18 19	155%
SJW	2003/06/30	\$ 28 42	Water	\$18 19	156%
SJW	2003/03/31	\$ 25 50	Water	\$18 19	140%
SJW	2002/12/31	\$ 26 02	Water	\$16 80	155%
SJW	2002/09/30	\$ 26 00	Water	\$16 80	155%
SJW	2002/06/28	\$ 27 00	Water	\$16 80	161%
SJW	2002/03/28	\$ 27 07	Water	\$16 80	161%
SJW	2001/12/31	\$ 28 43	Water	\$16 35	174%
SJW	2001/09/28	\$ 27 30	Water	\$16 35	167%
SJW	2001/06/29	\$ 28 50	Water	\$16 35	174%
SJW	2001/03/30	\$ 26 58	Water	\$16 35	163%

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Stock Symbol	Quarter Ending	Closing Price In Quarter	Industry	Book Value From SEC 10K Filings Available In April 2004	Ratio Market To Book
SWWC	2004/03/31	\$ 13 67	Water	\$5.40	253%
SWWC	2003/12/31	\$ 12 00	Water	\$5 40	222%
SWWC	2003/09/30	\$ 10.58	Water	\$5 40	196%
SWWC	2003/06/30	\$ 10 52	Water	\$5.40	195%
SWWC	2003/03/31	\$ 9.40	Water	\$5.40	174%
SWWC	2002/12/31	\$ 9 96	Water	\$4 49	222%
SWWC	2002/09/30	\$ 10 21	Water	\$4 49	227%
SWWC	2002/06/28	\$ 13 56	Water	\$4.49	302%
SWWC	2002/03/28	\$ 11 53	Water	\$4.49	257%
SWWC	2001/12/31	\$ 10 11	Water	\$4 18	242%
SWWC	2001/09/28	\$ 9.65	Water	\$4.18	231%
SWWC	2001/06/29	\$ 9 92	Water	\$4 18	237%
SWWC	2001/03/30	\$ 8 05	Water	\$4.18	193%
WTR	2004/03/31	\$ 21.68	Water	\$7 38	294%
WTR	2003/12/31	\$ 22.10	Water	\$7 38	299%
WTR	2003/09/30	\$ 19 26	Water	\$7 38	261%
WTR	2003/06/30	\$ 19 50	Water	\$7.38	264%
WTR	2003/03/31	\$ 17 56	Water	\$7 38	238%
WTR	2002/12/31	\$ 16 48	Water	\$5 70	289%
WTR	2002/09/30	\$ 16 24	Water	\$5 70	285%
WTR	2002/06/28	\$ 16.16	Water	\$5.70	284%
WTR	2002/03/28	\$ 18.80	Water	\$5.70	330%
WTR	2001/12/31	\$ 18 04	Water	\$5 50	328%
WTR	2001/09/28	\$ 16 81	Water	\$5 50	306%
WTR	2001/06/29	\$ 16 32	Water	\$5 50	297%
WTR	2001/03/30	\$ 15 08	Water	\$5.50	274%
YORW	2004/03/31	\$ 20 36	Water	\$6 12	333%
YORW	2003/12/31	\$ 18 20	Water	\$6.12	297%
YORW	2003/09/30	\$ 17 00	Water	\$6 12	278%
YORW	2003/06/30	\$ 16 24	Water	\$6.12	265%
YORW	2003/03/31	\$ 16 90	Water	\$6 12	276%
YORW	2002/12/31	\$ 14.19	Water	\$5 88	241%
YORW	2002/09/30	\$ 16 79	Water	\$5 88	286%
YORW	2002/06/28	\$ 16 50	Water	\$5 88	281%
YORW	2002/03/28	\$ 15 40	Water	\$5.88	262%
YORW	2001/12/31	\$ 14 63	Water	\$5 67	258%
YORW	2001/09/28	\$ 12 22	Water	\$5 67	215%
YORW	2001/06/29	\$ 12 38	Water	\$5 67	218%
YORW	2001/03/30	\$ 12.13	Water	\$5.67	214%
YORW	2001/06/29	\$ 12 38	Water	\$5 67	218%
YORW	2001/03/30	\$ 12.13	Water	\$5 67	214%

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**SUMMARY: CAP STRUCTURE FOR WATER COMPS
WITH STOCK TRADED IN U.S., AND
WHICH FILE WITH THE SEC**

Capital Structure Components As Of:	2003	2002	2001	3 Yr Average
Short-Term Debt: Notes Due	7.0%	5.7%	5.9%	6.2%
Short-Term Debt: Current Portion of Long-Term Debt	1.4%	0.8%	1.0%	1.1%
Long-Term Debt	41.1%	40.6%	40.0%	40.6%
Common Equity	50.1%	52.6%	52.6%	51.8%
Preferred	0.3%	0.4%	0.4%	0.4%
Total	100.0%	100.0%	100.0%	100.0%

* PNNW May Be Taken Over By A Municipality But PNNW's Capital Structure Is Almost Identical

* To The Average of All Companies. The Exclusion of PNNW Would Have Little Impact On The Capital Structure

Compare to Dr. Vander Weide's Capital Structure

**TENNESSEE-AMERICAN WATER COMPANY
SCHEDULE F**

AVERAGE CAPITAL STRUCTURE OF PROXY WATER COMPANY GROUP

Line No	Company Name	Short-Term Debt	Long-Term Debt	Preferred Equity	Market Cap \$ (Mil)	Total Capital	% Short-Term Debt	% Long-Term Debt	% Preferred Equity
1	Amer States Water	56.8	229.8	0.0	362.0	648.6	8.76%	35.43%	0.00%
2	Aqua America	135.8	696.7	0.0	1,904.3	2,738.8	4.96%	25.46%	0.00%
3	California Water	7.4	250.4	3.5	478.3	738.6	1.00%	33.86%	0.47%
4	Southwest Water	2.7	73.1	0.5	198.7	275.0	0.98%	26.69%	0.18%
5	York Water Company	9.9	29.9	0.0	128.8	168.6	5.87%	17.74%	0.00%
6	Composites	212.6	1,278.9	4.0	3,072.0	4,588.5	4.65%	28.02%	0.09%

DETERMINATION OF COMMON EQUITY RATIOS AND CAPITAL STRUCTURE FOR COMPARABLE COMPANIES

		Artesian Resources: Consolidated Capitalization			
		(In Thousands of \$)			
ARTNA	1	2003: Dec 31	2002: Dec 31	2001: Dec 31	
ARTNA	2				
ARTNA	3	Capital Structure Components As Of:			
ARTNA	4	Short-Term Debt: Notes Due	\$12,499	\$3,163	\$16,118
ARTNA	5	Short-Term Debt: Current Portion of Long-Term Debt	\$188	\$421	\$1,328
ARTNA	6	Long-Term Debt			
ARTNA	7	Common Equity	\$80,558	\$63,970	\$49,370
ARTNA	8	Preferred	\$52,691	\$51,176	\$34,445
ARTNA	9	Total	\$100	\$100	\$100
ARTNA	10		\$146,036	\$118,830	\$101,361
ARTNA	11	RATIOS:			
ARTNA	12	Short-Term Debt: Notes Due	8.6%	2.7%	15.9%
ARTNA	13	Short-Term Debt: Current Portion of Long-Term Debt	0.1%	0.4%	1.3%
ARTNA	14	Long-Term Debt	55.2%	53.8%	48.7%
ARTNA	15	Common Equity	36.1%	43.1%	34.0%
ARTNA	16	Preferred	0.1%	0.1%	0.1%
ARTNA	17	Total	100.0%	100.0%	100.0%

DETERMINATION OF COMMON EQUITY RATIOS AND CAPITAL STRUCTURE FOR COMPARABLE COMPANIES

American States Water: Consolidated Capitalization						
			(In Thousands of \$)			
AWR	1		2003: Dec 31	2002: Dec 31	2001: Dec 31	
AWR	2					
AWR	3	Capital Structure Components As Of:				
AWR	4	Short-Term Debt: Notes Due	\$56,000	\$35,000	\$20,000	
AWR	5	Short-Term Debt: Current Portion of Long-Term Debt	\$820	\$13,305	\$800	
AWR	6	Long-Term Debt	\$229,799	\$231,089	\$245,692	
AWR	7	Trust Preferred Securities	\$0	\$0	\$280	
AWR	8	Common Equity	\$212,487	\$213,279	\$204,654	
AWR	9	Total	\$499,106	\$492,673	\$471,426	
AWR	10					
AWR	11					
RATIOS:						
AWR	12	Short-Term Debt Notes Due	11.2%	7.1%	4.2%	
AWR	13	Short-Term Debt: Current Portion of Long-Term Debt	0.2%	2.7%	0.2%	
AWR	14	Long-Term Debt	46.0%	46.9%	52.1%	
AWR	15	Trust Preferred Securities	0.0%	0.0%	0.1%	
AWR	16	Common Equity	42.6%	43.3%	43.4%	
AWR	17	Total	100.0%	100.0%	100.0%	

DETERMINATION OF COMMON EQUITY RATIOS AND CAPITAL STRUCTURE FOR COMPARABLE COMPANIES

BIW	1	Birmingham Utilities: Consolidated Capitalization		
BIW	2	(In Thousands of \$)		
BIW	3	Capital Structure Components As Of:	2003: Dec 30	2002: Dec 30
BIW	4	Short-Term Debt: Notes Due	\$4,799	\$0
BIW	5	Short-Term Debt: Current Portion of Long-Term Debt	\$94	\$94
BIW	6	Long-Term Debt	\$3,948	\$4,042
BIW	7	Common Equity	\$12,723	\$12,889
BIW	8	Preferred	\$0	\$0
BIW	9	Total	\$21,564	\$17,025
BIW	10			\$17,287
BIW	11	RATIOS:		
BIW	12	Short-Term Debt: Notes Due	22.3%	0.0%
BIW	13	Short-Term Debt: Current Portion of Long-Term Debt	0.4%	0.6%
BIW	14	Long-Term Debt	18.3%	23.7%
BIW	15	Common Equity	59.0%	75.7%
BIW	16	Preferred	0.0%	0.0%
BIW	17	Total	100%	100%

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CWT	1	California Water Svc Group:Consolidated Capitalization (In Thousands of \$)				
CWT	2					
CWT	3		Capital Structure Components As Of:	2003: Dec 31	2002: Dec 31	2001: Dec 31
CWT	4		Short-Term Debt: Notes Due	\$6,454	\$36,379	\$22,000
CWT	5		Short-Term Debt: Current Portion of Long-Term Debt	\$904	\$1,000	\$5,381
CWT	6		Long-Term Debt	\$272,226	\$250,365	\$202,600
CWT	7		Common Equity	\$244,524	\$199,217	\$196,619
CWT	8		Preferred	\$3,475	\$3,475	\$3,475
CWT	9		Total	\$527,583	\$490,436	\$430,075
CWT	10					
CWT	11					
CWT	12		Short-Term Debt Notes Due	1.2%	7.4%	5.1%
CWT	13		Short-Term Debt: Current Portion of Long-Term Debt	0.2%	0.2%	1.3%
CWT	14		Long-Term Debt	51.6%	51.0%	47.1%
CWT	15		Common Equity	46.3%	40.6%	45.7%
CWT	16		Preferred	0.7%	0.7%	0.8%
CWT	17		Total	100.0%	100.0%	100.0%

DETERMINATION OF COMMON EQUITY RATIOS AND CAPITAL STRUCTURE FOR COMPARABLE COMPANIES

CTWS		1 Connecticut Water Service: Consolidated Capitalization			
CTWS	2	(In Millions of \$)			
CTWS	3	Capital Structure Components As Of:	2003: Dec 30	2002: Dec 30	2001: Dec 30
CTWS	4	Short-Term Debt: Notes Due	\$9,700	\$6,950	\$1,825
CTWS	5	Short-Term Debt: Current Portion of Long-Term Debt	\$254	\$242	\$2,205
CTWS	6	Long-Term Debt	\$64,754	\$64,734	\$63,953
CTWS	7	Common Equity	\$83,315	\$79,975	\$70,783
CTWS	8	Preferred	\$847	\$847	\$847
CTWS	9	Total	\$158,870	\$152,748	\$139,613
CTWS	10				
CTWS	11				
CTWS		RATIOS:			
CTWS	12	Short-Term Debt: Notes Due	6.1%	4.5%	1.3%
CTWS	13	Short-Term Debt: Current Portion of Long-Term Debt	0.2%	0.2%	1.6%
CTWS	14	Long-Term Debt	40.8%	42.4%	45.8%
CTWS	15	Common Equity	52.4%	52.4%	50.7%
CTWS					
CTWS	16	Preferred	0.5%	0.6%	0.6%
CTWS	17	Total	100.0%	100.0%	100.0%

DETERMINATION OF COMMON EQUITY RATIOS AND CAPITAL STRUCTURE FOR COMPARABLE COMPANIES

		Consolidated Water Co. Ltd.: Consolidated Capitalization			
			<i>(In \$)</i>		
CWCO	1		2003: Dec 31	2002: Dec 31	2001: Dec 31
CWCO	2				
CWCO	3	Capital Structure Components As Of:			
CWCO	4	Short-Term Debt Notes Due	\$2,072,245	\$1,143,850	\$1,087,470
CWCO	5	Short-Term Debt: Current Portion of Long-Term Debt	\$3,763,144	\$518,275	\$355,840
CWCO	6	Long-Term Debt	\$16,633,437	\$2,074,609	\$1,213,804
CWCO	7	Common Equity	\$44,248,527	\$21,126,224	\$19,264,100
CWCO	8	Preferred	\$16,302	\$23,688	\$30,234
CWCO	9	Total	\$66,733,655	\$24,886,646	\$21,951,448
CWCO	10				
CWCO	11				
		RATIOS:			
CWCO	12	Short-Term Debt: Notes Due	3.1%	4.6%	5.0%
CWCO	13	Short-Term Debt: Current Portion of Long-Term Debt	5.6%	2.1%	1.6%
CWCO	14	Long-Term Debt	24.9%	8.3%	5.5%
CWCO	15	Common Equity	66.3%	84.9%	87.8%
CWCO	16	Preferred	0.0%	0.1%	0.1%
CWCO	17	Total	100.0%	100.0%	100.0%

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MSEX	1	Middlesex Water Company: Consolidated Capitalization			
MSEX	2	(In \$)			
MSEX	3	Capital Structure Components As Of:	2003: DEC 30	2002: DEC 30	2001: DEC 30
MSEX	4	Short-Term Debt: Notes Due	\$12,500,000	\$17,650,000	\$13,225,000
MSEX	5	Short-Term Debt: Current Portion of Long-Term Debt	\$1,067,258	\$639,427	\$358,836
MSEX	6	Long-Term Debt	\$97,376,847	\$87,483,382	\$88,140,459
MSEX	7	Common Equity	\$79,643,184	\$76,501,245	\$72,290,312
MSEX	8	Preferred	\$4,063,062	\$4,063,062	\$4,063,062
MSEX	9	Total	\$194,650,351	\$186,337,116	\$178,077,669
MSEX	10				
MSEX	11				
MSEX	12	Short-Term Debt: Notes Due	6.4%	9.5%	7.4%
MSEX	13	Short-Term Debt: Current Portion of Long-Term Debt	0.5%	0.3%	0.2%
MSEX	14	Long-Term Debt	50.0%	46.9%	49.5%
MSEX	15	Common Equity	40.9%	41.1%	40.6%
MSEX	16	Preferred	2.1%	2.2%	2.3%
MSEX	17	Total	100.0%	100.0%	100.0%

DETERMINATION OF COMMON EQUITY RATIOS AND CAPITAL STRUCTURE FOR COMPARABLE COMPANIES

		Pennichuck Corporation: Consolidated Capitalization			
		(In Thousands of \$)			
PNNW	1				
PNNW	2				
PNNW	3	Capital Structure Components As Of:	2003: Dec 31	2002: Dec 31	2001: Dec 31
PNNW	4	Short-Term Debt: Notes Due	\$2,000	\$1,534	\$1,467
PNNW	5	Short-Term Debt: Current Portion of Long-Term Debt	\$368	\$354	\$348
PNNW	6	Long-Term Debt	\$26,879	\$26,860	\$27,072
PNNW	7	Common Equity	\$30,172	\$30,433	\$30,595
PNNW	8	Preferred	\$0	\$0	\$0
PNNW	9	Total	\$59,419	\$59,181	\$59,482
PNNW	10				
PNNW	11				
		RATIOS:			
PNNW	12	Short-Term Debt: Notes Due	3.4%	2.6%	2.5%
PNNW	13	Short-Term Debt: Current Portion of Long-Term Debt	0.6%	0.6%	0.6%
PNNW	14	Long-Term Debt	45.2%	45.4%	45.5%
PNNW	15	Common Equity	50.8%	51.4%	51.4%
PNNW	16	Preferred	0.0%	0.0%	0.0%
PNNW	17	Total	100.0%	100.0%	100.0%

DETERMINATION OF COMMON EQUITY RATIOS AND CAPITAL STRUCTURE FOR COMPARABLE COMPANIES

Aqua America: Consolidated Capitalization (In Thousands of \$)					
WTR	1				
WTR	2				
WTR	3	Capital Structure Components As Of:	2003: Dec 30	2002: Dec 30	2001: Dec 30
WTR	4	Short-Term Debt: Notes Due	\$96,459	\$115,113	\$109,668
WTR	5	Short-Term Debt: Current Portion of Long-Term Debt	\$39,386	\$34,265	\$14,935
WTR	6	Long-Term Debt	\$696,666	\$582,910	\$516,520
WTR	7	Common Equity	\$659,030	\$493,097	\$472,717
WTR	8	Preferred	\$0	\$172	\$1,116
WTR	9	Total	\$1,491,541	\$1,225,557	\$1,114,956
WTR	10				
WTR	11				
RATIOS:					
WTR	12	Short-Term Debt: Notes Due	6.5%	9.4%	9.8%
WTR	13	Short-Term Debt: Current Portion of Long-Term Debt	2.6%	2.8%	1.3%
WTR	14	Long-Term Debt	46.7%	47.6%	46.3%
WTR	15	Common Equity	44.2%	40.2%	42.4%
WTR	16	Preferred	0.0%	0.0%	0.1%
WTR	17	Total	100.0%	100.0%	100.0%

DETERMINATION OF COMMON EQUITY RATIOS AND CAPITAL STRUCTURE FOR COMPARABLE COMPANIES

S J W: Consolidated Capitalization (In Thousands of \$)			
	1	2	
SJW	1		
SJW	2		
SJW	3	Capital Structure Components As Of:	
SJW	4	Short-Term Debt: Notes Due	2003: Dec 30 2002: Dec 30 2001: Dec 30
SJW	5	Short-Term Debt: Current Portion of Long-Term Debt	\$0 \$11,450 \$11,500
SJW	6	Long-Term Debt	\$184 \$0 \$0
SJW	7	Common Equity	\$139,614 \$110,000 \$110,000
SJW	8	Preferred	\$166,368 \$153,499 \$149,354
SJW	9	Total	\$0 \$0 \$0
SJW	10		\$306,166 \$274,949 \$270,854
SJW	11		
RATIOS:			
SJW	12	Short-Term Debt: Notes Due	0.0% 4.2% 4.2%
SJW	13	Short-Term Debt: Current Portion of Long-Term Debt	0.1% 0.0% 0.0%
SJW	14	Long-Term Debt	45.6% 40.0% 40.6%
SJW	15	Common Equity	54.3% 55.8% 55.1%
SJW	16	Preferred	0.0% 0.0% 0.0%
SJW	17	Total	100% 100% 100%

DETERMINATION OF COMMON EQUITY RATIOS AND CAPITAL STRUCTURE FOR COMPARABLE COMPANIES

SWWC	1	Southwest Water Company: Consolidated Capitalization			
SWWC	2	<i>(In Thousands of \$)</i>			
SWWC	3	Capital Structure Components As Of:	2003: Dec 31	2002: Dec 31	2001: Dec 31
SWWC	4	Short-Term Debt: Notes Due	\$16,609	\$20,158	\$13,863
SWWC	5	Short-Term Debt: Current Portion of Long-Term Debt	\$2,697	\$1,969	\$3,344
SWWC	6	Long-Term Debt	\$56,493	\$60,827	\$50,967
SWWC	7	Common Equity	\$79,160	\$61,324	\$55,205
SWWC	8	Preferred	\$507	\$513	\$513
SWWC	9	Total	\$155,466	\$144,791	\$123,892
SWWC	10				
SWWC	11				
SWWC	12	RATIOS:			
SWWC	13	Short-Term Debt: Notes Due	10.7%	13.9%	11.2%
SWWC	14	Short-Term Debt: Current Portion of Long-Term Debt	1.7%	1.4%	2.7%
SWWC	15	Long-Term Debt	36.3%	42.0%	41.1%
SWWC	16	Common Equity	50.9%	42.4%	44.6%
SWWC	17	Preferred	0.3%	0.4%	0.4%
SWWC	17	Total	100.0%	100.0%	100.0%

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ARTNA Independent Auditor's Statement

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To the Board of Directors and Stockholders of Artesian Resources Corporation

We have audited the accompanying consolidated balance sheets of Artesian Resources Corporation and subsidiaries as of December 31, 2003 and 2002, and the related consolidated statements of operations, changes in stockholders' equity and cash flows for each of the years in the three-year period ended December 31, 2003. In connection with our audits of the consolidated financial statements, we have also audited the financial statement schedule as listed in Item 15 of this Form 10-K. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Artesian Resources Corporation and subsidiaries as of December 31, 2003 and 2002, and the results of their operations and their cash flows for each of the years in the three-year period ended December 31, 2003 in conformity with accounting principles generally accepted in the United States of America. Also, in our opinion, the related financial statement schedule, when considered in relation to the basic consolidated financial statements taken as a whole, presents fairly, in all material respects, the information set forth therein.

/s/ KPMG LLP

Philadelphia, Pennsylvania

11-Feb-04

AWR Independent Auditor's Statement

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To the Board of Directors and Shareholders
of American States Water Company

In our opinion, the accompanying consolidated balance sheets and consolidated statements of capitalization and the related consolidated statements of income, of changes in common shareholders' equity and of cash flows present fairly, in all material respects, the financial position of American States Water Company and its subsidiaries (the Company) and Southern California Water Company (SCW) at December 31, 2003 and 2002, and the results of their operations and their cash flows for the each of the three years in the period ended December 31, 2003 in conformity with accounting principles generally accepted in the United States of America. These financial statements are the responsibility of the Company's and SCW's management, our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits of these statements in accordance with auditing standards generally accepted in the United States of America, which require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a

As discussed in Note 1 to the accompanying consolidated financial statements, on January 1, 2003 the Company adopted Statement of Financial Accounting Standards No. 143 and began accruing for asset retirement obligations.

As discussed in Note 1 to the accompanying consolidated financial statements, on January 1, 2002 the Company adopted Statement of Financial Accounting Standards No. 142 and changed its method of accounting for goodwill

PricewaterhouseCoopers LLP
Los Angeles, California

17-Mar-04

BIW Independent Auditor's Statement

Board of Directors and Shareholders
BIW Limited
Ansonia, Connecticut

We have audited the accompanying consolidated balance sheets of BIW Limited and subsidiaries as of December 31, 2003 and 2002, and the related consolidated statements of income and retained earnings and cash flows for each of the three years in the period ended December 31, 2003. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of BIW Limited and subsidiaries as of December 31, 2003 and 2002 and the results of their operations and their cash flows for each of the three years in the period ended December 31, 2003 in conformity with accounting principles generally accepted in the United States of America.

AUDITORS
Dworken, Hillman, LaMorte
& Sterczala, P.C.
Shelton, Connecticut

29-Feb-04

CWCO Independent Auditor's Statement

Independent Auditors' Report

The Board of Directors and Stockholders
 Consolidated Water Co Ltd

We have audited the accompanying consolidated balance sheets of Consolidated Water Co Ltd and subsidiaries (the "Company") as of December 31, 2003 and 2002, and the related consolidated statements of income, stockholders' equity and cash flows for each of the years in the three-year period ended December 31, 2003. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with the auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material aspects, the financial position of Consolidated Water Co Ltd and subsidiaries as of December 31, 2003 and 2002, and the results of their operations and cash flows for each of the three years in the three-year period ended December 31, 2003, in conformity with accounting principles generally accepted in the United States of America.

George Town, Cayman Islands

Exhibit 23.1

7-Apr-04

CONSENT OF INDEPENDENT ACCOUNTANTS

We consent to the incorporation by reference in the Registration Statement on Form S-8 (Registration No. 333-10206) and the Registration Statement on Form F-3 (Registration No. 333-104802) of Consolidated Water Co Ltd of our report dated April 7, 2004 relating to the financial statements which appear in this Form 10-K.

/s/ KPMG Chartered Accountants

Cayman Islands

14-Apr-04

Exhibit 23.2

CONSENT OF INDEPENDENT ACCOUNTANTS

We consent to the incorporation by reference in the Registration Statement on Form S-8 (Registration No. 333-10206) and the Registration Statement on Form F-3 (Registration No. 333-104802) of Consolidated Water Co Ltd of our report dated March 12, 2004 relating to the financial statements which appear in this Form 10-K.

/s/ KPMG Chartered Accountants

British Virgin Islands

14-Apr-04

CTWS Independent Auditor's Statement

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REPORT OF INDEPENDENT AUDITORS

To the Board of Directors and Stockholders of Connecticut Water Service, Inc.:

In our opinion, the accompanying consolidated balance sheets and the related consolidated statements of income and cash flows present fairly, in all material respects, the financial position of Connecticut Water Service, Inc. and subsidiaries at December 31, 2003 and 2002, and the results of their operations and their cash flows for each of the two years ended December 31, 2003 in conformity with accounting principles generally accepted in the United States of America. These financial statements are the responsibility of the Company's management, our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits of these statements in accordance with auditing standards generally accepted in the United States of America, which require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing

/s/ PricewaterhouseCoopers LLP
Boston, Massachusetts

February 11, 2004, except for Note 16, as to which the date is March 4, 2004

CWT Independent Auditor's Statement

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THE BOARD OF DIRECTORS AND STOCKHOLDERS CALIFORNIA WATER SERVICE GROUP:

We have audited the accompanying consolidated balance sheets of California Water Service Group and subsidiaries as of December 31, 2003 and 2002, and the related consolidated statements of income, common stockholders' equity and comprehensive income, and cash flows for each of the years in the three-year period ended December 31, 2003. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of California Water Service Group and subsidiaries as of December 31, 2003 and 2002, and the results of their operations and their cash flows for each of the years in the three-year period ended December 31, 2003, in conformity with accounting principles generally accepted in the United States of America.

KPMG LLP
Mountain View, California

27-Jan-04

MSEX Independent Auditor's Statement

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To the Board of Directors and Stockholders of
Middlesex Water Company

We have audited the accompanying consolidated balance sheets and statements of capital stock and long-term debt of Middlesex Water Company and subsidiaries (the "Company") as of December 31, 2003 and 2002, and the related consolidated statements of income, common stockholders' equity and comprehensive income, and of cash flows for each of the three years in the period ended December 31, 2003. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, such consolidated financial statements present fairly, in all material respects, the financial position of the Company at December 31, 2003 and 2002, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2003, in conformity with accounting principles generally accepted in the United States of America.

As discussed in Note 10, the accompanying 2002 and 2001 financial statements have been restated.

/s/ Deloitte & Touche LLP
Parsippany, New Jersey

4-Mar-04

PNNW Independent Auditor's Statement

Docket No 04-002288
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To the Shareholders and Board of Directors of Pennichuck Corporation.

In our opinion, the accompanying consolidated balance sheets and the related consolidated statements of income, stockholders' equity, comprehensive income and cash flows present fairly, in all material respects, the financial position of Pennichuck Corporation and its subsidiaries at December 31, 2003 and 2002, and the results of their operations and their cash flows for each of the two years in the period ended December 31, 2003 in conformity with accounting principles generally accepted in the United States of America. In addition, in our opinion, the financial statement schedules listed in the index appearing under Item 15(a)(2) on page 65, present fairly, in all material respects, the information set forth therein when read in conjunction with the related consolidated financial statements. These financial statements and financial statement schedules are the responsibility of the Company's management; our responsibility is to express an opinion on these

/s/ PricewaterhouseCoopers LLP

Boston, Massachusetts

24-Feb-04

SJW Independent Auditor's Statement

The Shareholders and Board of Directors
SJW Corp

We have audited the accompanying consolidated balance sheets of SJW Corp and subsidiaries (the Company) as of December 31, 2003 and 2002, and the related consolidated statements of income and comprehensive income, changes in shareholders' equity, and cash flows for each of the years in the three-year period ended December 31, 2003. In connection with our audits of the consolidated financial statements, we also have audited the accompanying financial statement schedule. These consolidated financial statements and financial statement schedule are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements and financial statement schedule based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of SJW Corp and subsidiaries as of December 31, 2003 and 2002, and the results of their operations and their cash flows for each of the years in the three-year period ended December 31, 2003, in conformity with accounting principles generally accepted in the United States of America. Also in our opinion, the related financial statement schedule, when considered in relation to the basic consolidated financial statements taken as a whole, presents fairly, in all material respects, the information set forth therein.

KPMG LLP

Mountain View, California

SWWC Independent Auditor's Statement

INDEPENDENT AUDITORS' REPORT

To the Board of Directors and Stockholders of Southwest Water Company

We have audited the consolidated financial statements of Southwest Water Company and subsidiaries (the Company) as listed in the accompanying index. In connection with our audits of the consolidated financial statements, we also have audited the financial statement schedules as listed in the accompanying index. These consolidated financial statements and financial statement schedules are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements and financial statement schedules based on our

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Southwest Water Company and subsidiaries as of December 31, 2003 and 2002, and the consolidated results of their operations and their cash flows for each of the years in the three-year period ended December 31, 2003, in conformity with accounting principles generally accepted in the United States of America. Also, in our opinion, the related financial statement schedules, when considered in relation to the basic consolidated financial statements taken as a whole, present fairly, in all material respects, the information set forth therein.

As discussed in Note 1 to the consolidated financial statements, in 2002, the Company changed its method for accounting for the amortization of goodwill.

/s/ KPMG LLP

Los Angeles, California

12-Mar-04

WTR Independent Auditor's Statement

To the Board of Directors and Stockholders of
Aqua America, Inc.:

In our opinion, the accompanying consolidated balance sheets and the related consolidated statements of income and comprehensive income, of capitalization and of cash flow present fairly, in all material respects, the financial position of Aqua America, Inc. (formerly Philadelphia Suburban Corporation) and its subsidiaries at December 31, 2003 and 2002, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 2003 in conformity with accounting principles generally accepted in the United States of America. These financial statements are the responsibility of the Company's management, our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits of these statements in accordance with auditing standards generally accepted in the United States of America, which require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

PRICEWATERHOUSECOOPERS LLP

PricewaterhouseCoopers LLP
Philadelphia, PA

YORW Independent Auditor's Statement

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To the Shareholders and Board of Directors

The York Water Company York, Pennsylvania

We have audited the accompanying balance sheet of The York Water Company as of December 31, 2003, and the related statements of income, shareholders' investment, and cash flows for the year then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit. The financial statements of The York Water Company for the years ended December 31, 2002 and 2001 were audited by other auditors, whose report dated March 4, 2003, expressed an unqualified opinion on those statements.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe our audit provides a reasonable basis for our opinion.

In our opinion, the 2003 financial statements referred to above present fairly, in all material respects, the financial position of The York Water Company as of December 31, 2003, and the results of its operations and its cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

/s/Beard Miller Company LLP

Consolidated Balance Sheet at December 31, 2003

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Assets € million	Note	12/31/03	12/31/02
Non-current assets	(11)		
Intangible assets		19,418	18,518
Property, plant and equipment		36,210	33,779
Financial assets ¹		6,778	9,280
		62,406	61,577
Current assets			
Inventories	(12)	3,285	3,505
Accounts receivable and other assets	(13)	16,947	16,371
Marketable securities	(14)	9,615	8,459
Cash and cash equivalents	(15)	2,181	2,143
		32,028	30,478
Deferred taxes	(16)	4,325	7,593
Prepaid expenses		383	625
		99,142	100,273

Equity and Liabilities € million	Note	12/31/03	12/31/02
Equity/minority interest	(17)		
Group interest		7,013	6,429
Minority interest		2,052	2,495
		9,065	8,924
Provisions	(18)	37,671	40,187
Liabilities²	(19)	44,061	41,140
Deferred taxes	(16)	4,526	6,566
Deferred income	(20)	3,819	3,456
		99,142	100,273

¹ Include €3,674 million in financial assets accounted for using the equity method (previous year €4,030 million)

² Include €23,100 million in long-term interest-bearing liabilities (previous year €23,935 million)

RWE AG's net worth, financial position and earnings situation

RWE AG is the management holding company of the RWE Group. Through the Group Center, it performs general management tasks and optimizes the Group's structure. RWE AG's situation is largely determined by the Group's activities.

The financial statements of RWE AG, which have been issued an unqualified audit opinion by PwC Deutsche Revision Aktiengesellschaft Wirtschaftsprüfungsgesellschaft, are published in the Bundesanzeiger (Federal Gazette) and filed with the Commercial Register of the Essen District Court. They can be ordered from RWE AG and are also available on the Internet.

Financial statements of RWE AG

The financial statements of RWE AG are prepared in accordance with the German Commercial Code and the German Stock Corporation Act. A brief overview is provided below.

Balance sheet of RWE AG (abridged)	12/31/03	12/31/02
€ million		
Non-current assets		
Financial assets	42,735	32,498
Current assets		
Accounts receivable from affiliates	4,013	4,884
Other accounts receivable and other assets	321	204
Marketable securities and cash and cash equivalents	2,882	1,340
Total assets	49,951	38,926
Equity	4,440	4,176
Provisions	8,783	8,730
Accounts payable to affiliates	29,823	21,104
Other liabilities	6,905	4,916
Total equity and liabilities	49,951	38,926

Income statement of RWE AG (abridged)	2003	2002
€ million		
Income from financial assets	2,554	2,736
Net interest	1,257	- 1,069
Other expenses and income	400	318
Profit from ordinary activities	897	1,985
Taxes on income	14	- 836
Net profit	883	1,149

HISTORY OF DAILY CLOSING PRICE FOR WATER COMPANIES JAN 02 2004 TO MARCH 31 2004

Date	ARTNA	AWR	BIW	CTWS	CMCO	CWT	MSEX	PNNW	SJW	SWMC	WTR	YORW
3/31/2004	28.23	28.29	19.60	28.41	18.85	28.28	20.70	28.70	34.66	13.67	21.68	20.36
3/30/2004	27.66	25.28	19.35	28.00	18.15	28.01	20.22	27.95	34.70	10.25	21.25	20.74
3/29/2004	27.51	19.15	19.15	28.19	18.77	27.45	20.29	27.99	35.35	10.35	20.80	20.41
3/26/2004	27.61	28.30	19.15	28.48	18.45	27.65	19.65	27.95	35.74	10.32	20.48	20.30
3/25/2004	28.18	19.67	19.00	28.39	18.26	27.80	20.18	28.50	36.08	10.15	20.60	20.50
3/24/2004	28.00	28.72	19.00	27.86	18.21	27.28	19.95	28.01	35.10	10.21	20.00	20.57
3/23/2004	28.15	20.37	19.25	28.23	18.36	27.49	20.12	27.95	35.80	10.71	20.64	20.08
3/22/2004	27.55	28.45	19.35	28.00	17.50	27.55	19.52	28.44	35.10	10.64	20.21	20.50
3/19/2004	27.91	33.55	20.15	28.20	19.15	28.19	19.55	28.01	34.64	10.75	20.88	20.49
3/18/2004	27.90	11.23	20.15	28.78	19.25	28.92	19.75	28.02	35.53	10.88	21.10	20.30
3/17/2004	27.72	21.62	20.45	28.77	19.15	29.28	20.17	28.30	35.75	10.86	21.37	20.00
3/16/2004	27.30	24.47	20.45	28.51	19.25	29.12	20.16	28.50	35.54	10.81	21.30	19.89
3/15/2004	28.07	24.66	20.45	28.56	19.13	29.02	20.19	28.54	35.75	10.92	21.23	19.50
3/12/2004	27.44	24.90	20.50	29.04	19.49	29.80	20.75	28.59	36.05	11.41	21.48	20.04
3/11/2004	27.81	24.30	20.50	28.37	19.58	29.36	19.88	28.76	36.20	11.00	21.17	19.80
3/10/2004	27.71	24.54	20.50	28.51	19.72	29.30	20.05	28.75	36.95	11.20	21.21	20.16
3/9/2004	28.00	24.92	20.75	28.61	20.33	29.99	20.19	28.84	36.01	11.66	21.62	19.85
3/8/2004	27.77	25.18	20.75	28.10	20.75	29.10	20.50	28.85	36.01	11.31	21.64	19.75
3/5/2004	27.93	24.90	20.50	28.45	20.92	29.30	20.62	28.84	36.26	11.26	21.85	19.66
3/4/2004	27.50	24.90	20.50	28.75	21.10	29.00	20.68	28.99	36.30	11.21	21.67	19.89
3/2/2004	28.23	24.60	20.50	28.13	20.20	29.14	20.55	28.66	36.27	11.36	21.46	19.72
3/1/2004	28.04	24.41	20.50	28.36	19.98	28.96	20.51	28.60	37.20	11.33	21.54	19.72
2/27/2004	28.20	24.60	20.50	29.15	20.25	29.45	20.18	28.24	36.17	11.42	21.61	19.74
2/26/2004	28.22	24.71	20.65	28.83	19.99	29.55	20.21	28.60	36.00	11.47	21.45	19.58
2/25/2004	28.10	24.63	20.65	28.30	19.72	29.42	20.05	28.80	36.08	11.17	21.43	19.70
2/24/2004	27.91	24.56	20.65	29.11	19.81	29.53	20.62	28.71	37.15	11.10	21.56	19.79
2/23/2004	28.00	25.34	20.65	29.21	20.10	28.87	20.99	28.70	37.17	11.26	21.56	19.50
2/20/2004	27.86	25.70	20.80	28.85	20.25	29.36	20.78	28.70	37.03	11.32	21.80	19.64
2/19/2004	28.18	25.69	21.20	28.26	20.04	28.73	20.65	28.75	36.77	11.09	22.07	19.55
2/18/2004	28.05	26.00	21.30	28.09	20.20	29.25	20.20	28.69	35.42	10.66	22.10	19.03
2/17/2004	28.09	25.95	21.30	28.16	20.69	29.46	20.46	28.52	35.17	10.84	22.29	19.13
2/13/2004	28.73	25.45	21.25	27.95	20.51	29.45	20.42	28.55	34.27	10.47	21.80	18.95
2/12/2004	28.31	25.63	21.25	28.10	19.77	29.40	21.01	28.56	34.83	10.59	21.80	19.33
2/11/2004	28.31	25.64	21.25	28.35	19.69	29.44	20.70	28.56	35.03	10.60	21.89	19.75
2/10/2004	28.75	26.00	21.85	28.14	19.30	29.30	20.54	28.53	33.83	10.75	21.73	19.30
2/9/2004	27.91	25.34	20.51	27.93	19.15	28.50	19.97	28.63	32.84	10.53	21.02	19.19
2/6/2004	28.25	25.95	20.49	28.20	19.21	28.01	19.76	28.27	32.94	10.51	21.00	19.24
2/5/2004	27.75	25.16	20.15	27.90	19.50	27.65	19.50	28.25	33.00	10.39	20.80	19.48
2/4/2004	28.73	25.25	20.15	27.85	19.65	27.25	19.69	28.40	33.00	10.38	21.75	19.85
2/3/2004	28.62	25.64	20.01	28.05	20.11	29.30	20.47	28.60	32.52	10.53	21.80	19.50
2/2/2004	28.16	25.55	19.85	28.13	20.19	28.62	20.68	28.50	31.92	10.39	22.09	19.38
1/30/2004	28.54	25.50	19.71	28.00	20.08	28.49	20.77	28.65	30.42	10.51	21.80	19.20
1/29/2004	28.54	25.60	19.71	27.95	20.20	27.90	20.81	28.31	29.75	10.48	22.15	18.86
1/28/2004	28.66	25.70	19.71	27.79	20.21	27.62	20.82	28.25	29.88	10.32	22.18	19.35
1/27/2004	28.68	26.20	19.90	28.19	20.10	28.92	20.85	28.29	29.94	10.19	22.29	19.01
1/26/2004	29.00	26.25	20.19	28.24	20.22	29.65	20.87	28.25	30.00	11.05	22.30	19.56
1/23/2004	29.10	26.25	20.05	28.30	20.20	29.25	20.93	28.34	29.84	11.09	22.05	18.80
1/22/2004	29.06	26.05	19.78	28.12	20.06	28.90	20.40	28.32	29.83	10.83	22.55	19.31
1/21/2004	29.34	26.60	19.68	28.51	19.73	28.83	20.66	28.20	29.87	10.80	22.55	19.33
1/20/2004	29.50	26.50	19.51	28.97	20.00	29.10	20.49	28.30	29.90	12.89	22.39	19.20
1/16/2004	29.00	26.36	19.75	28.38	20.08	28.05	20.17	28.21	29.73	12.66	22.03	19.14
1/15/2004	29.20	26.00	19.35	28.25	20.18	28.94	19.91	28.52	29.83	12.85	22.04	18.92
1/14/2004	29.00	26.78	19.85	28.24	20.11	29.25	20.41	28.51	29.97	12.71	22.09	18.75
1/13/2004	29.48	26.35	20.09	28.00	20.15	29.45	20.50	28.40	29.92	12.86	22.02	18.76
1/12/2004	29.37	26.00	20.08	28.00	19.17	29.20	20.51	28.35	29.72	12.77	21.72	18.75
1/9/2004	29.00	25.52	20.03	27.80	19.35	28.50	20.30	28.25	29.50	12.72	21.72	19.00
1/8/2004	28.87	25.75	20.05	27.80	19.48	28.57	20.80	28.30	29.33	12.67	21.92	19.00
1/7/2004	28.81	25.32	20.09	27.80	19.35	28.11	20.41	28.35	29.29	12.63	22.00	19.00
1/6/2004	28.50	25.20	19.84	28.10	19.37	27.66	20.73	28.50	29.40	12.41	22.00	19.00
1/5/2004	27.83	25.20	18.90	28.09	19.15	27.90	20.74	28.35	29.75	12.18	22.26	18.20
1/2/2004	27.77	25.06	19.01	27.65	19.45	27.75	20.52	28.23	29.70	11.98	22.12	18.03
Average	28.29	25.28	20.17	28.30	19.67	28.72	20.37	28.45	33.55	11.23	21.62	19.52

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"long-term earnings forecasts of brokerage-based securities analysts, on average, have been persistently overly optimistic. Three- to five-year earnings forecasts for each of the S&P 500 corporations compiled from projections of securities analysts by I/B/E/S, averaged almost 12 percent per year between 1986 and 2001. Actual earnings growth over that period averaged about 7 percent."

Risk Premium in CAPM Analysis Should Be Based On 10.4%

YEAR	For Year	Large Company Total Return Index	Year-To-Year Percentage Change In Large Company Total Return Index
(1)	(2)	(3)	
1925	1.00		
1926	1.12	11.60%	
1927	1.54	37.54%	
1928	2.20	43.58%	
1929	2.02	-8.44%	
1930	1.52	-24.88%	
1931	0.86	-43.34%	
1932	0.79	-8.15%	
1933	1.21	53.87%	

<p>The Geometric Average Return, which is based on the values in Col (2), is 10.41%, which means the wealth accumulated since 1925 would be \$2285 if an investment of \$1 dollar grew at 10.42% annually. This is an accurate estimate of the true average return.</p>		<p>The Arithmetic Average Return, which is based solely on percentage gains and losses in Col (3), is 12.41%, which means the Wealth Accumulated since 1925 would be \$9242 if an investment of \$1 dollar grew at 12.41% annually. This is an overestimate of the true average return.</p>	
1979	106.11	18.44%	
1980	140.51	32.42%	
1981	133.62	-4.91%	
1982	162.22	21.41%	
1983	198.74	22.51%	
1984	211.20	6.27%	
1985	279.11	32.16%	
1986	330.67	18.47%	
1987	347.97	5.23%	
1988	406.46	16.81%	
1989	534.46	31.49%	
1990	517.50	-3.17%	
1991	675.59	30.55%	
1992	727.41	7.67%	
1993	800.08	9.99%	
1994	810.54	1.31%	
1995	1113.92	37.43%	
1996	1370.95	23.07%	
1997	1628.37	33.37%	
1998	2350.89	28.58%	
1999	2845.63	21.04%	
2000	2586.52	-9.11%	
2001	2279.13	-11.86%	
2002	1775.34	-22.10%	
2003	2284.79	28.70%	

ACTUAL RETURN 10.42% 12.41% BIASED RETURN

*Source Ibbotson Associates 2004 Yearbook
Column (2) - From Table B-1 "Large Company Stocks Total Return Index" the index column
Column (3) - From Table A-1 "Large Company Stocks Total Return" far right column

**THE PROBABILITY DISTRIBUTION FOR
IBBOTSON'S RETURNS
TO LARGE COMPANY STOCKS:**

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The Table Below Shows The Odds In 2003 Of Achieving The True Average Return of 10 42%					
And The Biased Arithmetic Average Return of 12 42% From A \$1 Investment In 1925 In A Large Company					
Given An Equal Probability of Gain Or Loss - 50% Chance of Losing Money and 50% Chance To Gain					
NUMBER OF POSSIBILITIES	ALL POSSIBLE VALUES OF INVESTMENT	ALL POSSIBLE RETURNS	ODDS OF ACHIEVING A RETURN EXACTLY EQUAL TO THE RETURN IN COLUMN (3)	ODDS OF ACHIEVING A RETURN LESS THAN THE RETURN IN COLUMN (3)	ODDS OF ACHIEVING A RETURN MORE THAN THE RETURN IN COLUMN (3)
(1)	(2)	(3)	(4)	(5)	(6)
1 0E+0	\$0 00	-8 6%	0%	0%	100%
170 8E+18	\$11 3	3 2%	0%	0%	100%
348 1E+18	\$16 6	3 7%	0%	0%	100%
670 5E+18	\$24 2	4 2%	0%	0%	100%
1 2E+21	\$35 3	4 7%	0%	0%	99%
2 1E+21	\$51 6	5 2%	1%	1%	98%
3 4E+21	\$75 4	5 7%	1%	2%	97%
5 3E+21	\$110 2	6 2%	2%	3%	96%
7 8E+21	\$160 9	6 7%	3%	4%	93%
10 9E+21	\$235 1	7 3%	4%	7%	89%
14 4E+21	\$343 4	7 8%	5%	11%	85%
18 1E+21	\$502	8 3%	6%	15%	79%
21 7E+21	\$733	8 8%	7%	21%	71%
24 6E+21	\$1,071	9 4%	8%	29%	63%
26 5E+21	\$1,564	9 9%	9%	37%	55%
Most Likely	\$2,285	10 4%	9 0%	45 5%	45 5%
26 5E+21	\$3,338	11 0%	9%	55%	37%
24 6E+21	\$4,876	11 5%	8%	63%	29%
21 7E+21	\$7,123	12 0%	7%	71%	21%
Biased Average Not In the Middle	\$9,242	12 4%	6 6%	75 0%	18 4%
18 1E+21	\$10,405	12 6%	6%	79%	15%
14 4E+21	\$15,200	13 1%	5%	85%	11%
10 9E+21	\$22,204	13 7%	4%	89%	7%
7 8E+21	\$32,436	14 2%	3%	93%	4%
5 3E+21	\$47,383	14 8%	2%	96%	3%
3 4E+21	\$69,218	15 4%	1%	97%	2%
2 1E+21	\$101,115	15 9%	1%	98%	1%
76 1E+3	\$1,924,571,261	31 5%	0%	100%	0%
3 0E+3	\$2,811,453,491	32 2%	0%	100%	0%

Chart 1

THE CUMULATIVE PROBABILITY DISTRIBUTION FOR IBBOTSON'S RETURNS TO LARGE COMPANY STOCKS

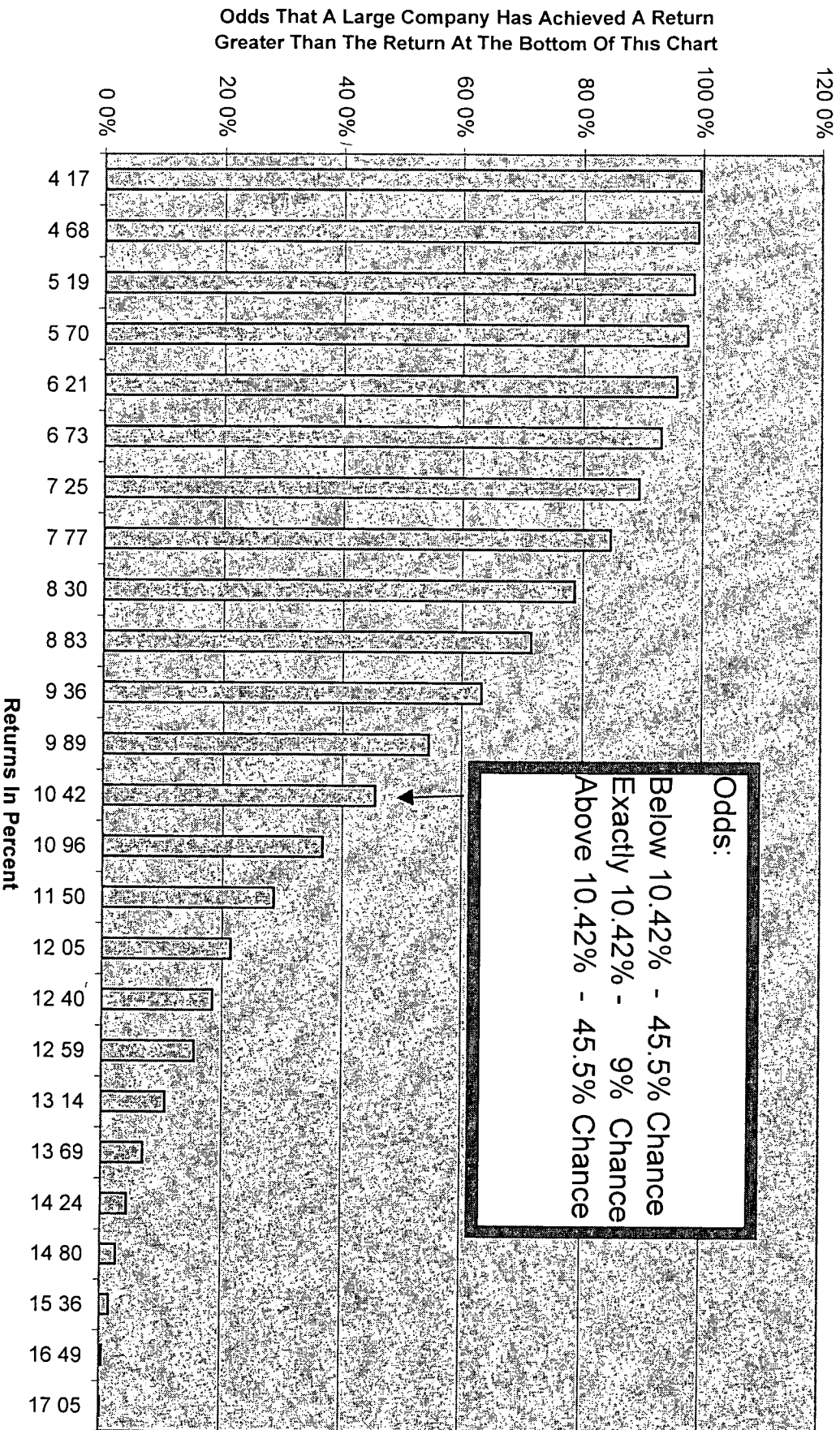
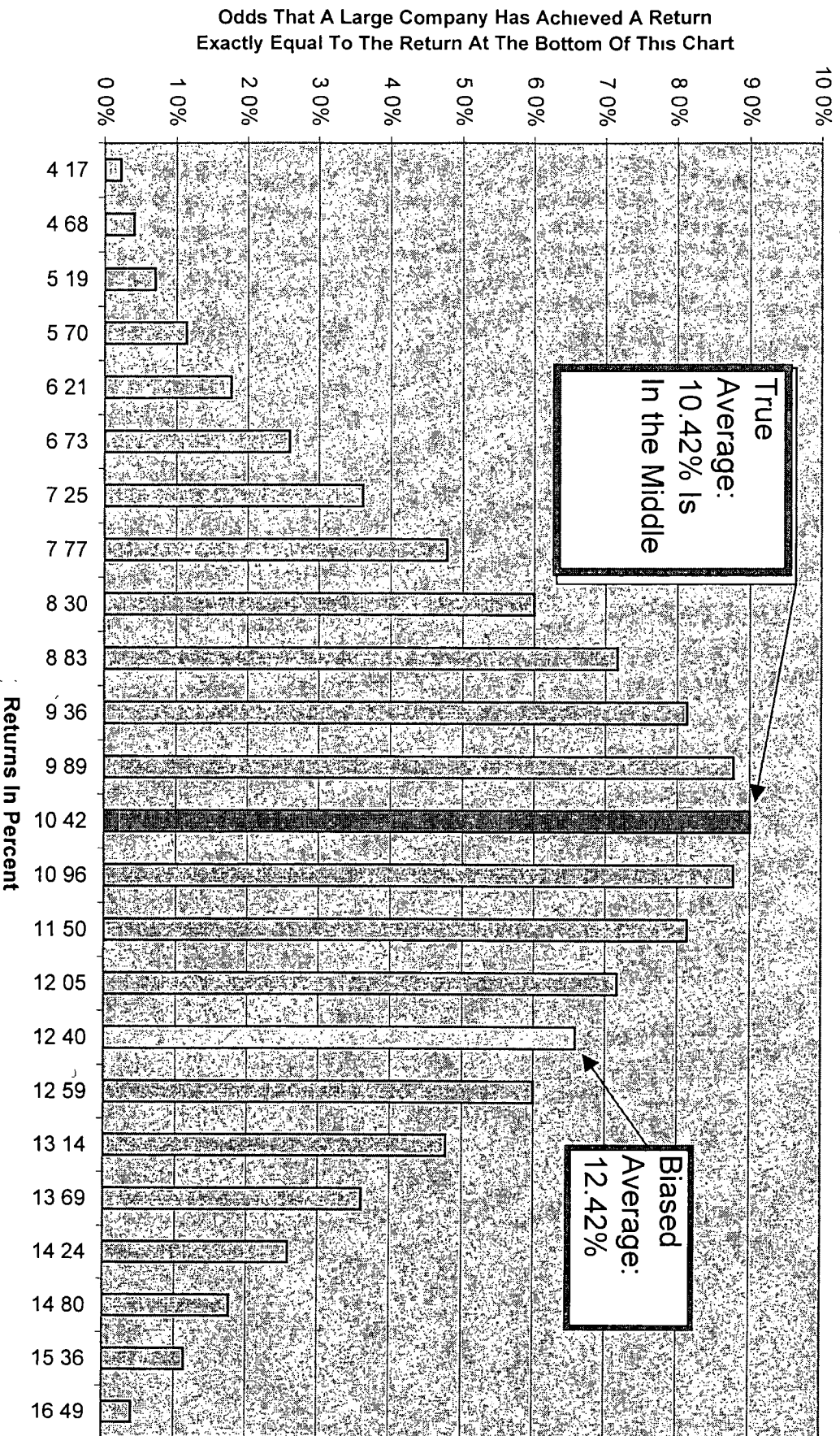


Chart 2

THE PROBABILITY DISTRIBUTION FOR IBBOTSON'S RETURNS TO LARGE COMPANY STOCKS



Index For 3-Month Bills

YEAR For Year	T-Bill Total Return Index	Year-To-Year Percentage Change In		YEAR For Year	T-Bill Total Return Index	Year-To-Year Percentage Change In	
		T-Bill Total Return Index	(3)			T-Bill Total Return Index	(6)
(1)	(2)	(3)	(4)	(5)	(6)		
1925	1 00000	3 30%	1965	1 82900	3 92%		
1926	1 03300	3 10%	1966	1 91600	4 76%		
1927	1 06500	3 10%	1967	1 99700	4 23%		
1928	1 10300	3 57%	1968	2 10100	5 21%		
1929	1 15500	4 71%	1969	2 23900	6 57%		
1930	1 18300	2 42%	1970	2 38500	6 52%		
1931	1 18600	1 10%	1971	2 48000	4 40%		
1932	1 20700	0 92%	1972	2 58500	3 82%		
1933	1 21100	0 33%	1973	2 76400	6 92%		
1934	1 21300	0 17%	1974	2 96600	8 03%		
1935	1 21500	0 16%	1975	3 15900	5 79%		
1936	1 21700	0 16%	1976	3 31900	5 06%		
1937	1 22100	0 33%	1977	3 48900	5 12%		
1938	1 22100	0 00%	1978	3 74000	7 19%		
1939	1 22100	0 00%	1979	4 12800	10 37%		
1940	1 22100	0 00%	1980	4 59200	11 24%		
1941	1 22200	0 08%	1981	5 26700	14 70%		
1942	1 22500	0 25%	1982	5 82200	10 54%		
1943	1 22900	0 33%	1983	6 33500	8 81%		
1944	1 23300	0 33%	1984	6 95900	9 85%		
1945	1 23700	0 32%	1985	7 49600	7 72%		
1946	1 24200	0 40%	1986	7 85800	6 16%		
1947	1 24800	0 48%	1987	8 39300	5 47%		
1948	1 25800	0 80%	1988	8 92600	6 35%		
1949	1 27200	1 11%	1989	9 67300	8 37%		
1950	1 28700	1 18%	1990	10 42900	7 82%		
1951	1 30600	1 48%	1991	11 01200	5 59%		
1952	1 32800	1 68%	1992	11 39800	3 51%		
1953	1 35200	1 81%	1993	11 72800	2 90%		
1954	1 36400	0 89%	1994	12 18600	3 91%		
1955	1 38500	1 54%	1995	12 86800	5 60%		
1956	1 41900	2 45%	1996	13 53800	5 21%		
1957	1 46400	3 17%	1997	14 25000	5 26%		
1958	1 48600	1 50%	1998	14 94200	4 86%		
1959	1 53000	2 96%	1999	15 64100	4 68%		
1960	1 57100	2 68%	2000	16 56300	5 89%		
1961	1 60400	2 10%	2001	17 19700	3 83%		
1962	1 64800	2 74%	2002	17 48000	1 65%		
1963	1 70000	3 16%	2003	17 65800	1 02%		
1964	1 76000	3 53%					

NO LOSSES IN ANY YEAR: ALL
OTHER MEASURES HAVE LOSSES

Actual Return	3 75%	3 80%	Average Return
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*Source Ibbotson Associates 2004 Yearbook
Column (2) - From Table B-9
Column (3) - From Table A-14
Column (5) - From Table B-9
Column (6) - From Table A-14

Debt_Instruments

Returns of Debt Instruments 1926-2003				Recent History Of Long Term Indices Show Losses - Contrast To No Losses On U S Treasury Bills					
Index Type	Actual	Biased Average	Year	Long-Term Corporate Bonds Total Return Index	Long-Term Corporate Bonds -- GAIN or LOSS From Prior Year	Long-Term Government Bonds Total Return Index	Long-Term Government Bonds -- GAIN or LOSS From Prior Year	Intermediate Term Government Bonds Total Return Index	Intermediate Term Government Bonds -- GAIN or LOSS From Prior Year
Long-Term Corporate Bonds	5.90%	6.20%	1991	32 577		21 942		27 700	
			1992	35 637	9.39%	23 709	8.05%	29 230	5.52%
Long-Term Government Bonds	5.40%	5.80%	1993	40 336	12.92%	28 034	17.90%	32 516	11.05%
			1994	38 012	-6.08%	25 856	-8.41%	30 843	-5.49%
Intermediate Term Government Bonds	5.40%	5.50%	1995	48 353	27.36%	34 044	31.99%	36 025	16.98%
			1996	49 031	0.84%	33 727	-1.87%	36 782	1.63%
U S Treasury Bills	3.70%	3.80%	1997	55 380	12.93%	39 074	15.91%	39 864	8.33%
			1998	61 339	10.53%	44 178	12.66%	43 933	10.00%
			1999	56 772	-7.62%	40 128	-9.45%	43 155	-2.00%
*Source Ibbotson Associates 2004 Yearbook Page 33				64 077	13.00%	48 856	21.99%	48 589	12.64%
			2001	70 900	10.45%	50 662	3.25%	52 291	7.36%
			2002	82 480	16.19%	59 699	17.77%	59 064	12.81%
			2003	86 824	5.07%	60 654	1.30%	60 469	2.16%
Source: Ibbotson Associates 2004 Yearbook				Page 285		Page 287		Page 289	

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the table below, the fair value of each option grant on the date of grant using the Black-Scholes model with the following weighted average assumption

2003, 2002 and 2001.

For the Year Ended December 31,

	2003	2002	2001
Dividend yield	1.8%	1.8%	1.7%
Expected volatility	26.6%	27.3%	26.3%
Risk free interest rate	2.7%	4.6%	4.7%
Expected life in years	5.5	5.6	5.7

LONG TERM INTEREST ENVIRONMENT STABLE SINCE LAST RATE CASE

Recent Federal Reserve Board Data Available At FRB's Web Site

Rate	Rate
Rate of interest in money and capital markets	Rate of interest in money and capital markets
Moody's investor service	Moody's investor service
Long-term or capital market	Long-term or capital market
Private, all industries	Private, all industries
Aaa rating	Baa rating
Not seasonally adjusted	Not seasonally adjusted
Business (Five days, Monday-Friday)	Business (Five days, Monday-Friday)
AVERAGE YIELD TO MATURITY ON SELECTED LONG-TERM BONDS	AVERAGE YIELD TO MATURITY ON SELECTED LONG-TERM BONDS
Released on 11/22/2004	Released on 11/22/2004
aaa [Highest Investment Grade Corporate Bond]	baa [Low Investment Gade Corporate Bond]
04/30/2003 5 53	04/30/2003 6 65
03/30/2004 5 41	03/30/2004 6 19
11/12/2004 5 53	11/12/2004 6 22
No Substantive Change In Long Term Rates Since Time of InAm's Last Case	

**RWE'S LONG TERM DEBT COST
AT DEC 31 2003**

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Order Of Bonds As Listed in RWE 2003 Annual Report Page 153	Carrying Amount In Euros	Interest Rate	Maturity Year	Maturity Month	Order Of Bonds As Listed in RWE 2003 Annual Report	Carrying Amount In Euros	Interest Rate	Maturity Year	Maturity Month	Bond As % Of Total Debt Maturing after 2005	Weighted Interest Rate of Bond
1	150	Not Provided	2004	1	1	150	Not Provided	2004	1		
2	550	Not Provided	2004	5	23	121	6 375	2004	2		
3	600	Not Provided	2005	5	2	550	Not Provided	2004	5		
4	350	Not Provided	2005	6	24	494	4 625	2004	10		
5	141	5 500	2005	12	3	600	Not Provided	2005	5		
6	150	4 750	2007	1	4	350	Not Provided	2005	6		
7	740	5 750	2033	2	5	141	5 500	2005	12	0 8%	0 046%
8	319	2 000	2008	12	16	498	5 750	2006	4	3 0%	0 171%
9	2,487	5 500	2007	10	25	193	8 375	2006	8	1 2%	0 097%
10	1,993	5 375	2008	4	6	150	4 750	2007	1	0 9%	0 043%
11	2,265	6 125	2012	10	9	2,487	5 500	2007	10	14 9%	0 819%
12	1,191	5 125	2018	7	10	1,993	5 375	2008	4	11 9%	0 641%
13	1,057	6 375	2013	6	8	319	2 000	2008	12	1 9%	0 038%
14	855	6 250	2016	4	18	709	4 625	2010	8	4 2%	0 196%
15	923	4 625	2021	4	11	2,265	6 125	2012	10	13 6%	0 831%
16	498	5 750	2006	4	13	1,057	6 375	2013	6	6 3%	0 403%
17	1,341	6 250	2030	6	14	855	6 250	2016	4	5 1%	0 320%
18	709	4 625	2010	8	12	1,191	5 125	2018	7	7 1%	0 366%
19	847	5 625	2023	12	15	923	4 625	2021	4	5 5%	0 256%
20	258	3 375	2021	7	20	258	3 375	2021	7	1 5%	0 052%
21	468	6 750	2028	11	19	847	5 625	2023	12	5 1%	0 285%
22	284	6 500	2032	2	26	122	7 800	2026	9	0 7%	0 057%
23	121	6 375	2004	2	21	468	6 750	2028	11	2 8%	0 189%
24	494	4 625	2004	10	17	1,341	6 250	2030	6	8 0%	0 502%
25	193	8 375	2006	8	22	284	6 500	2032	2	1 7%	0 111%
26	122	7 800	2026	9	7	740	5 750	2033	2	4 4%	0 255%
27	3,149	Not Provided	2004 to 2038	12							
Total Bond Debt		22,255			Total Debt Maturing After 2005 With A Known Interest Rate	16700				Weighted Interest Rate On Bonds Maturing After 2005 And With a Known Interest Rate	5 679%
					Total Debt Maturing 2006 - 2038 With An Unknown Interest Rate	3149					

The following is a breakdown of our major bonds as of December 31, 2003

Issuer	Issue volume	Carrying amount	Coupon in %	Maturity
RWE AG	€150 million	€150 million	Variable	January 2004
RWE AG	€550 million	€550 million	Variable	May 2004
RWE AG	€600 million	€600 million	Variable	May 2005
RWE AG	€350 million	€350 million	Variable	June 2005
RWE AG	£100 million	€141 million	5.5	December 2005
RWE AG	€150 million	€150 million	4.75	January 2007
RWE AG	€750 million	€740 million	5.75	February 2033
RWE Finance B.V.	CHF 500 million	€319 million	2.0	December 2008
RWE Finance B.V.	€2,500 million	€2,487 million	5.5	October 2007
RWE Finance B.V.	€2,000 million	€1,993 million	5.375	April 2008
RWE Finance B.V.	€2,200 million	€2,265 million	6.125	October 2012
RWE Finance B.V.	€1,200 million	€1,191 million	5.125	July 2018
RWE Finance B.V.	£750 million	€1,057 million	6.375	June 2013
RWE Finance B.V.	€850 million	€855 million	6.25	April 2016
RWE Finance B.V.	£650 million	€923 million	6.5	April 2021
RWE Finance B.V.	£350 million	€498 million	5.75	April 2006
RWE Finance B.V.	£950 million	€1,341 million	6.25	June 2030
RWE Finance B.V.	£500 million	€709 million	4.625	August 2010
RWE Finance B.V.	£600 million	€847 million	5.625	December 2023
Thames Water Utilities Finance Plc	£175 million	€258 million	3.375	July 2021
Thames Water Utilities Finance Plc	£330 million	€468 million	6.75	November 2028
Thames Water Utilities Finance Plc	£200 million	€284 million	6.5	February 2032
Thames Water Finance B.V.	US\$150 million	€121 million	6.375	February 2004
RWE Innogy plc	€500 million	€494 million	4.625	October 2004
RWE Innogy plc	£131 million	€193 million	8.375	August 2006
Pennsylvania American Water Company	US\$150 million	€122 million	7.8	September 2026
Other (incl. other notes payable)	Various	€3,149 million	Various	2004 until 2038
Bonds (incl. other notes payable)		€22,255 million		

Risk Premium Results

Risk Premium Suggested Rate Of Return									

Risk Premium Results

WebSite	Yahoo	AOL	LYCOS	
Internet Path	http://finance.yahoo.com/q/ks?s=BIW	http://aolsvc.pf.aol.com/us/quotes/detailedquotes?symb=BIWW&exch=USA&pid=&tabs=detailedquotes&dr=&symb=&compidx1=&compidx2=&compidx3=	http://finance.lycos.com/qc/research/marketguide.aspx?symbols=BIW	
Availability	Public	Subscription	Public	
Data Source According To Internet Web Site	Reuters	Comstock	Multex	
Water Company:	Yahoo Betas	AOL Betas	LYCOS Betas	CAPD Calculated Beta
ARTNA	0.21	0.21	0.21	0.19
AWR	-0.13	NA	-0.13	0.09
BIW	0.08	0.08	0.08	0.02
CTWS	-0.10	NA	-0.1	0.16
CWCO	0.28	0.28	0.28	0.23
CWT	-0.15	NA	-0.15	-0.16
MSEX	0.28	0.28	0.28	0.28
PNNW	-0.07	NA	-0.07	-0.03
SJW	0.47	0.47	0.47	0.64
SWWC	0.12	0.12	0.12	-0.05
WTR	-0.21	NA	-0.21	-0.29
YORW	-0.06	NA	-0.06	0.04
Average	0.06	NA	0.06	

Risk Premium Results

RISK PREMIUM ANALYSIS COMPARABLE WATER COMPANIES REGRESSED AGAINST S&P 500													
BETA FOR 60 MONTH PERIOD ENDING													
	Artesian Resources (NASDAQ ARTNA)	AMERICAN STATES WATER CO (NYSE AWR)	Birmingham Utilities (AMEX BIW)	Connecticut Water Service, Inc (NASDAQ CTWS)	Consolidated Water Co Ltd (NASDAQ C WCO)	California Water Svc (NYSE CWT)	Middlesex Water Company (NASDAQ MSEX)	Pennichuck Corporation (NASDAQ PNIV)	S J W Cp (AMEX SJW)	Southwest Water Company (NASDAQ S WWC)	Aqua America (NYSE WTR) - formerly Phila Suburban (NYSE PSC)	York Water Company (NASDAQ YO RV)	Average For Group
2004/1	0.22	0.08	0.00	0.16	0.22	-0.15	0.31	-0.02	0.60	-0.06	-0.26	0.04	0.10
2004/2	0.19	0.08	0.03	0.16	0.21	-0.16	0.28	-0.04	0.61	-0.06	-0.30	0.04	0.09
2004/3	0.17	0.12	0.01	0.18	0.26	-0.16	0.25	-0.05	0.71	-0.03	-0.32	0.04	0.10
Average By Company	0.19	0.09	0.02	0.16	0.23	-0.16	0.28	-0.03	0.64	-0.05	-0.29	0.04	

Risk Premium Results

RISK PREMIUM ANALYSIS COMPARABLE WATER COMPANIES REGRESSED AGAINST S&P 500												
T- STATISTI C FOR BETA	Artesian Resources (NASDAQ AR TNA)	AMERICAN STATES WATER CO (NYSE AMR)	Birmingham Utilities (AMEX BIV)	Connecticut Water Service, Inc (NASDAQ CT WS)	Consolidated Water Co Ltd (NASDAQ C WCO)	California Water Svc (NYSE CWT)	Middlesex Water Company (NASDAQ MS EX)	Pennichuck Corporation (NASDAQ PN NV)	S J W Cp (AMEX SJW)	Southwest Water Company (NASDAQ S WWC)	Aqua America - formerly Phila Suburban (NYSE PSC)	York Water Company (NASDAQ YO RW)
2004/1	1 17	0 34	0 02	0 70	1 09	-0 90	1 34	-0 09	3 75	-0 21	-1 17	0 13
2004/2	1 05	0 32	0 14	0 68	1 04	-0 97	1 25	-0 16	3 61	-0 22	-1 37	0 12
2004/3	0 92	0 51	0 06	0 76	1 27	-0 94	1 12	-0 20	1 65	-0 11	-1 45	0 12

Risk Premium Results

RISK PREMIUM ANALYSIS COMPARABLE WATER COMPANIES REGRESSED AGAINST S&P 500												
INTERCEPT VALUE FOR REGRESSION EQUATION	Artesian Resources (NASDAQ ARTNA)	AMERICAN STATES WATER CO (NYSE AWR)	Birmingham Utilities (AMEX BIW)	Connecticut Water Service, Inc (NASDAQ CTWS)	Consolidated Water Co Ltd (NASDAQ CWC)	California Water Svc (NYSE CWT)	Middlesex Water Company (NASDAQ MSX)	Pennichuck Corporation (NASDAQ PNNW)	S J W Cp (AMEX SJW)	Southwest Water Company (NASDAQ SWWC)	Aqua America - formerly Phila Suburban (NYSE PSC)	York Water Company (NASDAQ YORW)
2004/1	0.01	0.00	0.00	0.00	0.02	0.00	0.00	0.00	0.01	0.00	0.00	0.00
2004/2	0.01	0.00	0.00	0.00	0.02	0.00	0.00	0.01	0.01	0.00	0.00	0.00
2004/3	0.01	0.00	0.00	0.00	0.02	0.00	0.00	0.01	-0.01	0.00	0.00	0.00

Risk Premium Results

RISK PREMIUM ANALYSIS COMPARABLE WATER COMPANIES REGRESSED AGAINST S&P 500												
T-STATISTIC FOR INTERCEPT VALUE	Artesian Resources (NASDAQ AR TNA)	AMERICAN STATES WATER CO (NYSE AMWR)	Birmingham Utilities (AMEX BIV)	Connecticut Water Service, Inc (NASDAQ CT WS)	Consolidated Water Co Ltd (NASDAQ C WCO)	California Water Svc (NYSE CWT)	Middlesex Water Company (NASDAQ MS EX)	Pennichuck Corporation (NASDAQ PN NW)	S J W Cp (AMEX S.JW)	Southwest Water Company (NASDAQ S WWC)	Aqua America - formerly Phila Suburban (NYSE PSC)	York Water Company (NASDAQ YO RW)
2004/1	0.84	-0.14	-0.13	0.14	1.61	0.14	-0.16	0.43	1.05	-0.13	-0.22	0.02
2004/2	1.01	-0.18	-0.23	0.24	1.67	0.35	-0.08	0.51	1.35	0.03	0.02	0.07
2004/3	0.89	0.03	-0.42	0.29	1.78	0.25	-0.20	0.48	-0.42	-0.02	-0.09	0.12

Risk Premium Results

RISK PREMIUM ANALYSIS COMPARABLE WATER COMPANIES REGRESSED AGAINST S&P 500												
R- SQUARE FOR REGRES SION EQUATIO N	Artesian Resources (NASDAQ ARTNA)	AMERICAN STATES WATER CO (NYSE AWR)	Birmingham Utilities (AMEX BIW)	Connecticut Water Service, Inc (NASDAQ CTWS)	Consolidated Water Co Ltd (NASDAQ C WCO)	California Water Svc (NYSE CWT)	Middlesex Water Company (NASDAQ MS EX)	Pennichuck Corporation (NASDAQ PN NW)	S J W Cp (AMEX SJW)	Southwest Water Company (NASDAQ S WWC)	Aqua America (NYSE WTR) - formerly Phila Suburban (NYSE PSC)	York Water Company (NASDAQ YO RW)
2004/1	0.15	0.04	0.00	0.09	0.14	0.12	0.17	0.01	0.44	0.03	0.15	0.02
2004/2	0.14	0.04	0.02	0.09	0.14	0.13	0.16	0.02	0.43	0.03	0.18	0.02
2004/3	0.12	0.07	0.01	0.10	0.16	0.12	0.14	0.03	0.21	0.01	0.19	0.02

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Return on Equity % (Stocks)

This is the percentage a company earns on its total equity given year (Year 1, 2, etc.). The calculation is net income divided by end-of-year net worth. The resulting figure is multiplied by 100. Return on equity shows how much profit a company generates on the money shareholders have invested in the firm. The mission of any company is to earn a high return on equity. The company's net income is found in the annual income statement. The company's net worth is taken from the company's annual balance sheet. For example; in fiscal 1997, Merck earned an incredible 37% on its shareholders' equity. For every \$1 shareholders had invested in the company, Merck produced \$0.37 worth of profit.

Double Leverage Weighted ROR

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Capital Structure From Water Companies			
	Percent of Total	Cost	Weighted Cost
Short-Term Debt Notes Due	6.21%	2.40%	0.15%
Short-Term Debt, Current Portion of Long-Term Debt	1.07%	6.00%	0.06%
Long-Term Debt	40.58%	6.00%	2.44%
Total Long-Term Debt	41.65%	6.00%	2.50%
Common Equity	51.77%	<u>7.90%</u>	4.09%
Preferred	0.37%	5.00%	0.02%
Total	100.00%		6.76%

2

3

Tennessee-American Capital Structure As Filed By The Company

Double Leverage Information

Class of Capital	Amount in Millions	Percent of Total	Cost Rate	Weighted cost	Nominal Rate On LTD with UnAmortize d Exp	Capital Source
Short-Term Debt	4.70	5.34%	2.40%	0.13%		RWE
Long-Term Debt	1.16	1.32%	9.50%	0.13%	9.49%	Not RWE
	2.47	2.81%	9.36%	0.26%	9.25%	Not RWE
	5.65	6.42%	7.91%	0.51%	7.84%	Not RWE
	6.48	7.36%	6.52%	0.48%	6.50%	Not RWE
	5.07	5.76%	6.91%	0.40%	6.87%	RWE
	19.0	21.58%	4.75%	1.02%		RWE
	3.20	3.63%	6.76%	0.25%		RWE
Total Long-Term Debt	43.03	48.87%		3.04%		
Common Equity						
Common	18.54	21.06%	10.7%	2.25%		RWE
Retained Earnings	20.38	23.15%	10.7%	2.48%		RWE
Total Common Equity	38.92	44.20%	10.7%	4.73%		RWE
Preferred	1.40	1.59%	5.0%	0.08%		RWE
Total Capital	88.05	100.0%		8.0%		

Tennessee-American Capital Structure ReClassified For Double Leverage Of RWE

Double Leverage Information

Class of Capital	Amount in Millions	Percent of Total	Cost Rate	Weighted cost	Capital Source
External Funding	1.16	1.32%	9.50%	0.13%	Not RWE
External Funding	2.47	2.81%	9.36%	0.26%	Not RWE
External Funding	5.65	6.42%	7.91%	0.51%	Not RWE
External Funding	6.48	7.36%	6.52%	0.48%	Not RWE
Total External Funding	15.76	17.90%		1.4%	
Capital Supplied By Parent					
Common	18.54	21.06%	10.70%	2.25%	RWE
Retained Earnings	20.38	23.15%	10.70%	2.48%	RWE
Internal Funding	4.70	5.34%	2.40%	0.13%	
Internal Funding	5.07	5.76%	6.91%	0.40%	RWE
Internal Funding	19.00	21.58%	4.75%	1.02%	RWE
Internal Funding	3.20	3.63%	6.76%	0.25%	RWE
Internal Funding	1.40	1.59%	5.00%	0.08%	RWE
Total Internal Funding	72.29	82.10%		6.6%	RWE
Total Capital	88.05	100%		8.0%	

Tennessee-American Capital Structure ReClassified For Double Leverage Of RWE With CAPD Adjustment For Retained Earnings

Double Leverage Information

Class of Capital	Amount in Millions	Percent of Total	Cost Rate	Weighted cost	Nominal Rate On LTD with UnAmortize d Exp	Capital Source
External Funding	1.16	1.34%	9.50%	0.13%	9.49%	Not RWE
External Funding	2.47	2.85%	9.36%	0.27%	9.25%	Not RWE
External Funding	5.65	6.51%	7.91%	0.52%	7.84%	Not RWE
External Funding	6.48	7.47%	6.52%	0.49%	6.50%	Not RWE
Total External Funding	15.76	18.16%		1.4%		
Capital Supplied By Parent						
Common	18.54	21.37%	10.70%	2.29%		RWE
Retained Earnings	19.10	22.01%	10.70%	2.36%		RWE
Internal Funding	4.70	5.42%	2.40%	0.13%		RWE
Internal Funding	5.07	5.84%	6.91%	0.40%	6.87%	RWE
Internal Funding	19.00	21.90%	4.75%	1.04%		RWE
Internal Funding	3.20	3.69%	6.76%	0.25%		RWE
Internal Funding	1.40	1.61%	5.00%	0.08%		RWE
Total Internal Funding	71.01	81.84%		6.5%		RWE
Total Capital	86.77	100%		7.9%		

Tennessee-American Capital Structure ReClassified For Double Leverage With CAPD Adjustments For ROR And Short-Term Debt

Double Leverage Information

Class of Capital	Amount in Millions	Percent of Total	Cost Rate	Weighted cost	Capital Source
External Funding	1.16	1.41%	9.50%	0.13%	Not RWE
External Funding	2.47	3.01%	9.36%	0.28%	Not RWE
External Funding	5.65	6.88%	7.91%	0.54%	Not RWE
External Funding	6.48	7.90%	6.52%	0.51%	Not RWE
Total External Funding	15.76	19.20%		1.48%	
Capital Supplied By Parent					
Short Term	0.00	0.00%	6.76%	0.00%	RWE
Common	18.54	22.59%	6.76%	1.53%	RWE
Retained Earnings	19.10	23.27%	6.76%	1.57%	RWE
Internal Funding	5.07	6.18%	6.76%	0.42%	RWE
Internal Funding	19.00	23.15%	6.76%	1.56%	RWE
Internal Funding	3.20	3.90%	6.76%	0.26%	RWE
Internal Funding	1.40	1.71%	6.76%	0.12%	RWE
Total Internal Funding	66.31	80.80%	6.76%	5.46%	RWE
Total Capital	82.07	100.0%		6.9%	

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Double-Leverage Return On Capital

Final Capital Structure



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						Weighted
	Parent:		Ratio	Cost		Cost
	Common Equity		41.83%	7.90%		3.305%
	Preferred Equity		0.30%	5.00%		0.015%
	Short Term Debt		5.02%	2.40%		0.120%
	Long Term Debt		33.65%	6.00%		2.019%
			80.80%	6.76%		5.459%
	Tennessee American:					
	Short Term Debt		0.0%	0.00%		0.00%
	Long Term Debt		19.2%	7.71%		1.48%
			19.2%	7.71%		1.48%
			100.00%			6.94%

COST OF FIRE PROTECTION SHOULD BE ALLOCATED ON THE BASIS OF PROPERTY VALUES

TABLE III

2002 ESTIMATED CURRENT PROPERTY VALUE BY COUNTIES AND MUNICIPALITIES FOR CLASSES AND SUBCLASSES

COUNTIES AND MUNICIPALITIES	REAL PROPERTY ESTIMATED VALUE**			PERSONAL PROPERTY ESTIMATED VALUE				PUBLIC UTILITY EST. VALUE	
	INDUSTRIAL AND COMMERCIAL	RESIDENTIAL	FARM**	INDUSTRIAL AND COMMERCIAL	RESIDENTIAL AND FARM	INTANGIBLE	ASSESSMENT	STATE ASSESSMENT	LOCAL ASSESSMENT
HAMILTON	4,697,894,225	10,787,025,890	63,690,760	1,810,166,233	0	0	716,537,842	0	0
CLAYTON	3,831,279,520	4,121,791,210	6,466,100	1,530,834,597	0	0	522,791,716	0	0
COLLINGSDALE	120,437,113	166,387,000	617,800	94,566,880	0	0	7,056,701	0	0
EAST RIDGE	246,754,155	502,032,080	52,300	35,909,320	0	0	11,541,597	0	0
LAKEVIEW	16,856,863	93,236,400	98,300	1,971,433	0	0	2,17,755	0	0
LOOKOUT MTN.	4,580,235	250,456,100	0	820,507	0	0	3,860,939	0	0
RED BANK	106,597,625	304,481,620	104,500	13,531,580	0	0	18,345,299	0	0
RIDGEBURY	10,900	24,102,000	0	28,087	0	0	165,022	0	0
SIGNAL MOUNTAIN	31,543,025	514,433,000	41,300	4,888,343	0	0	8,517,663	0	0

ESTIMATED PROPERTY VALUES BY CLASS

IN CHATTANOOGA

Estimated Property Value: Hamilton County - City Of Chattanooga

Payers	Property Class	Amount	Percent
Residential	Real Property Estimated Value	4,121,784,240	41.08%
Residential And Farm	Personal Property Estimated Value	0	0.00%
Total Residential		4,121,784,240	41.08%
Industrial and Commercial	Real Property Estimated Value	3,851,279,520	38.39%
Industrial and Commercial	Personal Property Estimated Value	1,530,834,597	15.26%
Total Industrial and Commercial		5,382,114,117	53.64%
Other Farm	Real Property Estimated Value	6,466,100	0.06%
Other Intangible	Personal Property Estimated Value	0	0.00%
Other State Assessment	Public Utility Estimated Value	522,791,716	5.21%
Other Local Assessment	Public Utility Estimated Value	0	0.00%
Total Other		529,257,816	5.28%
Total Estimated Value		10,033,156,173	100.00%
SOURCE:			
2002 Tax Aggregate			
Report of Tennessee			
State Board of Equalization			

ALLOCATION OF PUBLIC FIRE PROTECTION COST
TO CUSTOMER CLASSES
ACCORDING TO CHATTANOOGA PROPERTY VALUES

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Allocation To TrAm's Customer Classes:

Total Residential Allocation Percent:	41.08%
Total Commercial And Industrial Allocation Percent:	53.64%
Commercial Allocation Factor Percent=53.64% X (Commercial Revenue/(Sum of Commercial And Industrial Revenue))	39.88%
Industrial Allocation Factor Percent=53.64% X (Commercial Revenue/(Sum of Commercial And Industrial Revenue))	13.77%
Total Other Percent: Public Authority, Water Utility [Excluding Private Fire Service] Percent:	5.28%
*Public Authority Allocation Factor Percent=5.28% X (Public Authority Revenue/(Sum of Public Authority and Water Utility Revenue))	3.86%
Water Utility Allocation Factor Percent=5.28% X (Public Authority Revenue/(Sum of Public Authority and Water Utility Revenue))	1.41%
Private Fire Service Percent:	-
Total	100.00%

* This assumes that the City of Chattanooga is not contributing to revenue in this class